

Energy Transfer Partners, L.P.  
Form S-4  
June 25, 2012  
Table of Contents

As filed with the Securities and Exchange Commission on June 22, 2012

Registration No. 333-

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form S-4

## REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

## ENERGY TRANSFER PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)

4922  
(Primary Standard Industrial  
Classification Code Number)

73-1493906  
(I.R.S. Employer  
Identification No.)

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3738 Oak Lawn Avenue

Dallas, TX 75219

(214) 981-0700

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Martin Salinas, Jr.

Chief Financial Officer

Energy Transfer Partners, L.P.

3738 Oak Lawn Avenue

Dallas, TX 75219

(214) 981-0700

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*With copies to:*

|  |                                    |  |   |
|--|------------------------------------|--|---|
| <b>Thomas P. Mason</b>                               | <b>William N. Finnegan IV</b>      | <b>Stacy L. Fox</b>                            | <b>David A. Katz</b>                      |
| <b>Vice President, General Counsel and Secretary</b> | <b>Sean T. Wheeler</b>             | <b>Senior Vice President, Strategy</b>         | <b>David K. Lam</b>                       |
| <b>Energy Transfer Partners, L.P.</b>                | <b>Latham &amp; Watkins LLP</b>    | <b>General Counsel and Corporate Secretary</b> | <b>Wachtell, Lipton, Rosen &amp; Katz</b> |
| <b>3738 Oak Lawn Avenue</b>                          | <b>811 Main Street, Suite 3700</b> | <b>Sunoco, Inc.</b>                            | <b>51 West 52nd Street</b>                |
| <b>Dallas, TX 75219</b>                              | <b>Houston, TX 77002</b>           | <b>1818 Market Street, Suite 1500</b>          | <b>New York, NY 10019</b>                 |
| <b>(214) 981-0700</b>                                | <b>(713) 546-5400</b>              | <b>Philadelphia, PA 19103-7583</b>             | <b>(212) 403-1000</b>                     |
|  |                                    | <b>(215) 977-3015</b>                          |   |

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement is declared effective and the satisfaction or waiver of all other conditions to the closing of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. "

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (referred to as the Securities Act ), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
 Non-accelerated filer  Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

### CALCULATION OF REGISTRATION FEE

| Title of Class of Securities to be Registered       | Amount to be Registered         | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee <sup>(3)</sup> |
|---|---------------------------------|--|---|---|
| Common Units representing limited partner interests | 56,709,855 units <sup>(1)</sup> | N/A                                      | \$2,368,947,433 <sup>(2)</sup>            | \$271,482                                 |

Pursuant to Rule 416 under the Securities Act, this registration statement also covers an indeterminate number of additional securities of the registrant as may be issuable as a result of stock splits, stock dividends or similar transactions.

- (1) Represents the maximum number of the registrant's common units estimated to be issuable to holders of shares of Sunoco common stock in connection with the transactions described in the enclosed proxy statement/prospectus.
- (2) The proposed maximum aggregate offering price of the registrant's common units was calculated based upon the market value of shares of Sunoco common stock (the securities to be cancelled in the transactions) in accordance with Rules 457(c) and 457(f) under the Securities Act as follows: (A) the product of (i) \$46.91, the average of the high and low prices per share of Sunoco common stock as reported on the New York Stock Exchange on June 18, 2012 and (ii) 108,121,745, the estimated maximum number of shares of Sunoco common stock that may be exchanged for the merger consideration, including shares reserved for issuance under various equity plans, minus (B) \$2,703,043,625.00, the maximum estimated aggregate amount of cash consideration to be paid by the registrant in the transactions.
- (3) Calculated by multiplying the proposed maximum aggregate offering price by 0.00011460.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**



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**Table of Contents**

**The information in this document is not complete and may be changed. Energy Transfer Partners, L.P. may not issue the securities described herein until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED JUNE 22, 2012**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder of Sunoco, Inc.:

Sunoco, Inc. and Energy Transfer Partners, L.P. (which we refer to as "ETP") have entered into a merger agreement that provides for Sunoco to become a subsidiary of ETP. In the merger, Sunoco shareholders will receive, for each Sunoco common share they own as of immediately prior to the merger, a combination of \$25.00 in cash and 0.5245 of an ETP common unit (which we refer to as the "standard mix of consideration"). Instead of receiving the standard mix of consideration, Sunoco shareholders will have an opportunity to make a cash election to receive \$50.00 in cash, or a unit election to receive 1.0490 ETP common units, for each Sunoco common share they own as of immediately prior to the merger. The cash and unit elections, however, will be subject to proration to ensure that the total amount of cash paid and the total number of ETP common units issued in the merger to Sunoco shareholders as a whole are equal to the total amount of cash and number of ETP common units that would have been paid and issued if all Sunoco shareholders received the standard mix of consideration. Shares of Sunoco common stock are currently traded on the New York Stock Exchange (which we refer to as the "NYSE") under the symbol "SUN," and ETP common units are currently traded on the NYSE under the symbol "ETP."

In connection with the merger, Sunoco will hold a special meeting of its shareholders to consider and vote on a proposal to approve and adopt the merger agreement and certain other matters. The affirmative vote of the holders of a majority of the votes cast by all Sunoco shareholders entitled to vote on the merger proposal is required to approve and adopt the merger agreement. Shareholders of record as of \_\_\_\_\_, 2012 (which we refer to as the "record date") are entitled to vote on the merger and other proposals presented at the Sunoco special meeting.

Your vote is very important. Information about the Sunoco special meeting, the merger and the other business to be considered by the Sunoco shareholders at the Sunoco special meeting is contained in the accompanying proxy statement/prospectus, which we urge you to read. **In particular, see the section titled Risk Factors beginning on page 18 of the accompanying document.**

**The Sunoco board of directors has unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are in the best interests of Sunoco and its shareholders, and recommends that the Sunoco shareholders vote in favor of the proposal to approve and adopt the merger agreement and the transactions contemplated thereby.**

Sincerely,

BRIAN P. MACDONALD

*Chairman of the Board and*

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*President and Chief Executive Officer*

**Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying document or determined that the accompanying document is accurate or complete. Any representation to the contrary is a criminal offense.**

The accompanying document is dated \_\_\_\_\_, 2012 and is first being mailed to the Sunoco shareholders on or about \_\_\_\_\_, 2012.

Table of Contents

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2012**

Dear Shareholder of Sunoco, Inc.:

On \_\_\_\_\_, 2012, Sunoco will hold a special meeting of shareholders (which we refer to as the special meeting) at \_\_\_\_\_. Only Sunoco shareholders of record at the close of business on \_\_\_\_\_, 2012, the record date, are entitled to receive this notice and to vote at the special meeting or any adjournment or postponement of that meeting. The special meeting has been called for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger dated as of April 29, 2012 as amended by Amendment No. 1 thereto dated as of June 15, 2012, (which we refer to as the merger agreement), by and among Sunoco, Energy Transfer Partners, L.P. (which we refer to as ETP), Energy Transfer Partners GP, L.P., Sam Acquisition Corporation (which we refer to as Merger Sub), and, for limited purposes set forth therein, Energy Transfer Equity, L.P. (which we refer to as ETE), pursuant to which, among other things, Merger Sub will be merged with and into Sunoco, with Sunoco surviving the merger as a subsidiary of ETP, and the transactions contemplated thereby;
2. To consider and cast an advisory (non-binding) vote on specified compensation that may be received by Sunoco's named executive officers in connection with the merger;
3. To consider and vote upon any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement and the transactions contemplated thereby; and
4. To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof.

The Sunoco board of directors has unanimously approved and adopted the merger agreement and is submitting the merger agreement to the Sunoco shareholders for approval and adoption at the special meeting. The merger agreement will be approved and adopted upon receiving the affirmative vote of a majority of the votes cast by all Sunoco shareholders entitled to vote thereon at the special meeting.

Whether or not you plan to attend the special meeting, please submit your proxy with voting instructions as soon as possible. If you hold shares of Sunoco common stock in your name as a shareholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed stamped envelope, use the toll-free telephone number shown on the proxy card or use the internet website shown on the proxy card. If you hold shares of Sunoco common stock through a bank or broker, please use the voting instructions you have received from your bank or broker. Submitting your proxy will not prevent you from attending the special meeting and voting in person. Please note, however, that if you hold shares of Sunoco common stock through a bank or broker, and you wish to vote in person at the special meeting, you must obtain from your bank or broker a proxy issued in your name. You may revoke your proxy by attending the special meeting and voting your shares of Sunoco common stock in person at the special meeting. You may also revoke your proxy at any time before it is voted by giving written notice of revocation to the Secretary of Sunoco at the address provided with the proxy card at or before the special meeting or by submitting a proxy with a later date.

The Sunoco board of directors recommends that the Sunoco shareholders vote:

1. **FOR** the proposal to approve and adopt the merger agreement and the transactions contemplated thereby;
2. **FOR** the proposal to approve, on an advisory (non-binding) basis, specified compensation that may be received by Sunoco's named executive officers in connection with the merger; and

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3. **FOR** any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement and the transactions contemplated thereby.  
By Order of the Board of Directors,

STACY L. FOX

*Senior Vice President, General Counsel and*

*Corporate Secretary*

, 2012



**Table of Contents**

**REFERENCES TO ADDITIONAL INFORMATION**

This document, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission (which we refer to as the "SEC"), constitutes a proxy statement of Sunoco under Section 14(a) of the U.S. Securities Exchange Act of 1934, as amended (which we refer to as the "Exchange Act"), with respect to the solicitation of proxies for the special meeting of shareholders of Sunoco, or any adjournment or postponement thereof, to, among other things, approve and adopt the merger agreement and the transactions contemplated thereby. This document is also a prospectus of ETP under Section 5 of the U.S. Securities Act of 1933, as amended (which we refer to as the "Securities Act"), for ETP common units that will be issued to shareholders of Sunoco in the merger pursuant to the merger agreement.

As permitted under the rules of the SEC, this document incorporates by reference important business and financial information about ETP and Sunoco from other documents filed with the SEC that are not included in or delivered with this document. Please read the section titled "Where You Can Find More Information." You can obtain any of the documents incorporated by reference into this document from the SEC's website at [www.sec.gov](http://www.sec.gov). This information is also available to you without charge upon your request in writing or by telephone from ETP or Sunoco at the following addresses and telephone numbers:

**Energy Transfer Partners, L.P.**

3738 Oak Lawn Avenue  
Dallas, TX 75219  
Attn: Investor Relations  
Telephone: (214) 981-0795

**Sunoco, Inc.**

1818 Market Street, Suite 1500  
Philadelphia, PA 19103-3687  
Attn: Investor Relations  
Telephone: (215) 977-3105

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into the documents or this document.

You may obtain certain of these documents at ETP's website, [www.energytransfer.com](http://www.energytransfer.com), by selecting "Investor Relations," then selecting "SEC Filings" and then selecting the tab named "ETP," and at Sunoco's website, [www.sunocoinc.com](http://www.sunocoinc.com), by selecting "Investors," selecting "Financial Reports" and then selecting "SEC Filings." None of the information contained on the website of ETP and Sunoco is incorporated by reference into this document.

**In order to receive timely delivery of the documents in advance of the Sunoco special meeting, your request should be received no later than [redacted], 2012. In order to receive timely delivery of the documents in advance of the election deadline for the merger, your request should be received no later than four business days prior to the election deadline. If you request any documents, ETP or Sunoco will mail them to you by first class mail, or another equally prompt means, within one business day after receipt of your request.**

If you have any questions about the merger or the consideration that you will receive in connection with the merger, including any questions relating to the election or transmittal of materials, or would like additional copies of the election form and letter of transmittal (which are being mailed to Sunoco shareholders separately), you may contact Sunoco's proxy solicitor at the address and telephone number listed below. You will not be charged for any additional election forms and letters of transmittal that you request.

***The Solicitation Agent for the Special Meeting is:***

**Morrow & Co., LLC**

You may obtain information regarding the Special Meeting

from the Solicitation Agent as follows:

470 West Avenue 13<sup>th</sup> Floor

Stamford, CT 06902

Banks and Brokerage Firms, please call (203) 658-9400

Shareholders, please call (800) 607-0088



**Table of Contents**

**TABLE OF CONTENTS**

|  | Page |
|--|------|
| <u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETING</u>                                    | iv   |
| <u>SUMMARY</u>   | 1    |
| <u>Information About the Companies</u>   | 1    |
| <u>The Merger</u>  | 1    |
| <u>Merger Consideration</u>  | 1    |
| <u>Treatment of Sunoco Equity Awards</u>   | 2    |
| <u>Risk Factors</u>  | 3    |
| <u>Special Meeting of Sunoco Shareholders</u>  | 3    |
| <u>Sunoco Reasons for the Merger; Recommendation of the Sunoco Board of Directors</u>                | 4    |
| <u>Opinion of Sunoco's Financial Advisor</u>   | 5    |
| <u>Interests of Sunoco's Directors and Executive Officers in the Merger</u>                          | 5    |
| <u>Regulatory Approvals Required for the Merger</u>  | 6    |
| <u>Dissenters Rights</u>   | 6    |
| <u>NYSE Listing of ETP Common Units</u>  | 6    |
| <u>Delisting and Deregistration of Sunoco Common Stock</u>   | 6    |
| <u>Conditions to Completion of the Merger</u>  | 6    |
| <u>ETP Partnership Agreement Amendment</u>   | 7    |
| <u>Post-Closing Structure</u>  | 7    |
| <u>Non-Solicitation by Sunoco</u>  | 8    |
| <u>Termination of Merger Agreement</u>   | 8    |
| <u>Breakup Fee and ETP Expenses</u>  | 9    |
| <u>Accounting Treatment</u>  | 10   |
| <u>Material U.S. Federal Income Tax Considerations</u>   | 10   |
| <u>Comparison of Rights of Sunoco Shareholders and ETP Unitholders</u>                               | 10   |
| <u>Expected Timing of the Merger</u>   | 11   |
| <u>Litigation Related to the Merger</u>  | 11   |
| <u>Advisory Vote on Specified Compensation</u>   | 11   |
| <u>Energy Transfer Partners Selected Historical and Pro Forma Consolidated Financial Data</u>        | 12   |
| <u>Sunoco Selected Historical Consolidated Financial Data</u>  | 14   |
| <u>Unaudited Comparative Per Unit Information of ETP and Per Share Information of Sunoco</u>         | 16   |
| <u>Comparative ETP and Sunoco Per Unit/Share Market Price Data</u>                                   | 17   |
| <u>RISK FACTORS</u>  | 18   |
| <u>Risks Factors Related to the Merger</u>   | 18   |
| <u>Tax Risks Related to the Merger</u>   | 22   |
| <u>Tax Risks Related to the Ownership and Disposition of ETP Common Units Received in the Merger</u> | 23   |
| <u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>                                     | 24   |
| <u>INFORMATION ABOUT THE COMPANIES</u>   | 25   |
| <u>Energy Transfer Partners, L.P.</u>  | 25   |
| <u>Sam Acquisition Corporation</u>   | 25   |
| <u>Sunoco, Inc.</u>  | 25   |
| <u>Southern Union Company</u>  | 26   |
| <u>ETP Holdco Corporation</u>  | 26   |
| <u>SPECIAL MEETING OF SUNOCO SHAREHOLDERS</u>  | 27   |
| <u>Date, Time and Place of the Special Meeting</u>   | 27   |
| <u>Admission to the Special Meeting</u>  | 27   |
| <u>Purpose of the Special Meeting</u>  | 27   |



**Table of Contents**

|  | Page      |
|--|-----------|
| <u>Recommendation of the Sunoco Board of Directors</u>   | 27        |
| <u>Record Date; Shareholders Entitled to Vote; Outstanding Shares Held</u>   | 27        |
| <u>Quorum</u>  | 28        |
| <u>Abstentions</u>   | 28        |
| <u>Broker Non-Votes</u>  | 28        |
| <u>Required Vote</u>   | 28        |
| <u>Shares Beneficially Owned by Directors and Executive Officers</u>   | 28        |
| <u>Proxies</u>   | 29        |
| <u>Shares Held in Street Name</u>  | 29        |
| <u>Shares Held in SunCAP</u>   | 29        |
| <u>How to Submit Your Proxy</u>  | 29        |
| <u>Revoking Your Proxy</u>   | 30        |
| <u>Adjournments and Postponements</u>  | 30        |
| <u>Proxy Solicitation</u>  | 30        |
| <u>Other Business</u>  | 30        |
| <b><u>PROPOSAL 1: THE MERGER</u></b>   | <b>31</b> |
| <u>Background of the Merger</u>  | 31        |
| <u>Recommendation of Sunoco's Board of Directors and Reasons for the Merger</u>  | 40        |
| <u>Opinion of Sunoco's Financial Advisor</u>   | 44        |
| <u>Sunoco Unaudited Prospective Financial Information</u>  | 55        |
| <u>ETP's Reasons for the Merger</u>  | 57        |
| <u>Post-Closing Structure</u>  | 58        |
| <u>Interests of Sunoco's Directors and Executive Officers in the Merger</u>  | 59        |
| <u>Securities Ownership of Certain Beneficial Owners and Management</u>  | 66        |
| <u>Merger Expenses, Fees and Costs</u>   | 67        |
| <u>Expected Timing of the Merger</u>   | 67        |
| <u>No ETP Unitholder Approval</u>  | 67        |
| <u>Accounting Treatment of the Transactions</u>  | 67        |
| <u>Regulatory Approvals</u>  | 68        |
| <u>Sunoco Shareholders Making Elections</u>  | 68        |
| <u>Exchange of Shares</u>  | 70        |
| <u>Listing of ETP Units Issued in the Transactions; Delisting and Deregistration of Sunoco Common Stock After the Transactions</u> | 71        |
| <u>Litigation Related to the Merger</u>  | 72        |
| <b><u>THE MERGER AGREEMENT</u></b>   | <b>73</b> |
| <u>The Merger</u>  | 73        |
| <u>Merger Closing and Effective Time</u>   | 73        |
| <u>Directors and Officers</u>  | 73        |
| <u>Merger Consideration</u>  | 74        |
| <u>Conditions to the Merger</u>  | 74        |
| <u>No Dissenters Rights</u>  | 76        |
| <u>Representations and Warranties</u>  | 76        |
| <u>Definition of Material Adverse Effect</u>   | 78        |
| <u>Conduct of Business Pending the Merger</u>  | 79        |
| <u>Mutual Access</u>   | 83        |
| <u>Non-Solicitation by Sunoco</u>  | 83        |
| <u>Sunoco Employee Equity-Based Awards</u>   | 87        |
| <u>Employee Matters</u>  | 88        |
| <u>Regulatory Approvals and Efforts to Close the Merger</u>  | 89        |

**Table of Contents**

|   | Page |
|---|------|
| <u>Indemnification and Insurance</u>  | 90   |
| <u>Financing Assistance</u>   | 90   |
| <u>Other Covenants and Agreements</u>   | 91   |
| <u>Termination of the Merger Agreement</u>  | 91   |
| <u>Effect of Termination</u>  | 92   |
| <u>Breakup Fee and ETP Expenses</u>   | 92   |
| <u>Other Fees and Expenses</u>  | 93   |
| <u>Amendment and Waiver</u>   | 93   |
| <u>Governing Law</u>  | 94   |
| <u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>  | 95   |
| <u>Material U.S. Federal Income Tax Consequences of the Merger</u>  | 96   |
| <u>Certain Additional U.S. Federal Income Tax Considerations Relating to the Receipt and Ownership of ETP Common Units Issued Pursuant to the Merger</u>  | 97   |
| <u>Potential U.S. Federal Income Tax Consequences to Holders of Sunoco Common Stock, Sunoco, ETP and its Subsidiaries Arising From Transactions Contemplated to Occur in Connection with the Merger</u> | 100  |
| <u>U.S. Federal Income Taxation of ETP and its Unitholders</u>  | 101  |
| <u>UNAUDITED PRO FORMA FINANCIAL INFORMATION</u>  | 120  |
| <u>DESCRIPTION OF ETP COMMON UNITS</u>  | 130  |
| <u>Common Units, Class E Units, Class F Units and General Partner Interest</u>  | 130  |
| <u>Issuance of Additional Securities</u>  | 130  |
| <u>Unitholder Approval</u>  | 131  |
| <u>Amendments to ETP's Partnership Agreement</u>  | 131  |
| <u>Withdrawal or Removal of ETP's General Partner</u>   | 132  |
| <u>Transfer of General Partner Interest</u>   | 133  |
| <u>Liquidation and Distribution of Proceeds</u>   | 133  |
| <u>Limited Call Right</u>   | 133  |
| <u>Indemnification</u>  | 133  |
| <u>Listing</u>  | 134  |
| <u>Transfer Agent and Registrar</u>   | 134  |
| <u>Transfer of Common Units</u>   | 134  |
| <u>Status as Limited Partner or Assignee</u>  | 135  |
| <u>Limited Liability</u>  | 135  |
| <u>Meetings: Voting</u>   | 136  |
| <u>Books and Reports</u>  | 137  |
| <u>COMPARISON OF RIGHTS OF SUNOCO SHAREHOLDERS AND ETP UNITHOLDERS</u>  | 138  |
| <u>PROPOSAL 2: ADVISORY VOTE ON SPECIFIED COMPENSATION</u>  | 151  |
| <u>Vote Required for Approval</u>   | 151  |
| <u>Recommendation of the Sunoco Board of Directors</u>  | 151  |
| <u>LEGAL MATTERS</u>  | 152  |
| <u>EXPERTS</u>  | 152  |
| <u>SUNOCO SHAREHOLDER PROPOSALS</u>   | 153  |
| <u>WHERE YOU CAN FIND MORE INFORMATION</u>  | 155  |
| <u>ANNEX A AGREEMENT AND PLAN OF MERGER, AS AMENDED</u>   | A-1  |
| <u>ANNEX B FORM OF ETP PARTNERSHIP AGREEMENT AMENDMENT</u>  | B-1  |
| <u>ANNEX C OPINION OF CREDIT SUISSE</u>   | C-1  |

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**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE MERGER AND SPECIAL MEETING**

*Set forth below are questions that you, as a shareholder of Sunoco, may have regarding the merger and the special meeting of Sunoco shareholders and brief answers to those questions. For a more complete description of the legal and other terms of the merger, please read this entire document, including the merger agreement, which is attached as Annex A to this proxy statement/prospectus, and the documents incorporated by reference into this document. You may obtain a list of the documents incorporated by reference into this document in the section *Where You Can Find More Information*.*

**Q: Why am I receiving these materials?**

A: Sunoco and ETP have entered into a merger agreement, pursuant to which they have agreed that Sunoco would become a subsidiary of ETP and Sunoco will cease to be a separate publicly traded company. In the merger, Sunoco shareholders will receive, for each Sunoco common share they own as of immediately prior to the merger, a combination of \$25.00 in cash and 0.5245 of an ETP common unit (which we refer to as the standard mix of consideration). Instead of receiving the standard mix of consideration, Sunoco shareholders will have an opportunity to make either a cash election to receive \$50.00 in cash, or a unit election to receive 1.0490 ETP common units, for each Sunoco common share they own as of immediately prior to the merger. The cash and unit elections, however, will be subject to proration to ensure that the total amount of cash paid and the total number of ETP common units issued in the merger to Sunoco shareholders as a whole are equal to the total amount of cash and number of ETP common units that would have been paid and issued if all Sunoco shareholders received the standard mix of consideration. See *The Merger Agreement Merger Consideration* on page 74.

In order to complete the merger, Sunoco shareholders must vote to approve and adopt the merger agreement and the transactions contemplated thereby. This document is being delivered to you as both a proxy statement of Sunoco and a prospectus of ETP in connection with the merger. It is the proxy statement by which the Sunoco board of directors is soliciting proxies from you to vote in favor of the proposal to approve and adopt the merger agreement at the special meeting or at any adjournment or postponement of the special meeting. It is also the prospectus for the offering by ETP of ETP common units in the merger.

**Q: What am I being asked to consider and vote on?**

A: Sunoco shareholders are being asked to consider and vote on the following proposals:

- (1) to approve and adopt the merger agreement (attached as Annex A to this document) and the transactions contemplated thereby;
- (2) to approve, on an advisory (non-binding) basis, specified compensation that may be received by Sunoco's named executive officers in connection with the merger;
- (3) any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement and the transactions contemplated thereby; and
- (4) to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof (at the present time, Sunoco knows of no other matters that will be presented for consideration at the special meeting).

**Q: How does the Sunoco board of directors recommend that I vote on the matters to be considered at the special meeting?**

A: The Sunoco board of directors recommends that the shareholders of Sunoco vote:

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**FOR** the proposal to approve and adopt the merger agreement and the transactions contemplated thereby;

**FOR** the proposal to approve, on an advisory (non-binding) basis, specified compensation that may be received by Sunoco's named executive officers in connection with the merger; and



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**Table of Contents**

**FOR** any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement and the transactions contemplated thereby.

See Proposal 1: The Merger Recommendation of Sunoco's Board of Directors and Reasons for the Merger beginning on page 40.

In considering the recommendation of the Sunoco board of directors with respect to the merger agreement, you should be aware that some of Sunoco's directors and executive officers have interests in the merger that are different from, or in addition to, the interests of Sunoco shareholders generally. See Proposal 1: The Merger Interests of Sunoco's Directors and Executive Officers in the Merger beginning on page 59.

**Q: What will happen in the merger?**

A: If the merger is completed, Merger Sub will be merged with and into Sunoco, with Sunoco surviving the merger as a subsidiary of ETP. The merger will become effective on such date and at such time that the articles of merger are filed with the Department of State of the Commonwealth of Pennsylvania, or such later date and time as may be agreed upon by ETP and Sunoco and set forth in the articles of merger. Throughout this document, this date and time is referred to as the effective time of the merger.

**Q: What is the amount of cash and/or the number of ETP common units that I will be entitled to receive for my shares of Sunoco common stock?**

A: In the merger, Sunoco shareholders will receive, for each Sunoco common share they own as of immediately prior to the merger, a combination of \$25.00 in cash and 0.5245 of an ETP common unit. Instead of receiving this standard mix of consideration, Sunoco shareholders will have an opportunity to make a cash election to receive either \$50.00 in cash, or a unit election to receive 1.0490 ETP common units, for each Sunoco common share they own as of immediately prior to the merger. The cash and unit elections, however, will be subject to proration to ensure that the total amount of cash paid and the total number of ETP common units issued in the merger to Sunoco shareholders as a whole are equal to the total amount of cash and number of ETP common units that would have been paid and issued if all Sunoco shareholders received the standard mix of consideration. Therefore:

if providing \$50.00 in cash per Sunoco share to those who make the cash election would cause ETP to pay more cash than if all Sunoco shareholders were to receive \$25.00 in cash per share, then the amount of cash per Sunoco share to be received by holders making a cash election will be reduced (pro rata across all outstanding Sunoco shares subject to a cash election), so that the aggregate cash paid to all Sunoco shareholders is equal to \$25.00 per share, and the remainder of the consideration in respect of outstanding Sunoco shares subject to a cash election will be payable in ETP common units and cash in lieu of fractional units; and

if providing 1.0490 ETP common units per Sunoco share to those who make the unit election would cause ETP to issue more ETP common units than if all Sunoco shareholders received 0.5245 of an ETP common unit per share, then the amount of ETP common units per Sunoco share to be received by holders making a unit election will be reduced (pro rata across all outstanding Sunoco shares subject to a unit election), so that the aggregate ETP common units paid to all Sunoco shareholders is equal to 0.5245 of an ETP common unit per share, and the remainder of the consideration in respect of outstanding Sunoco shares subject to a unit election will be payable in cash.

Sunoco shareholders who elect to receive the standard mix of consideration for their Sunoco shares will not be subject to proration for such shares.

No fractional ETP common units will be issued. Sunoco shareholders to whom fractional units would have otherwise been issued will be entitled to receive, subject to applicable

## **Table of Contents**

withholding, a cash payment equal to such shareholders' proportionate interest in the net proceeds from the sale of the aggregated fractional units that would have been issued in the merger.

### **Q: What will happen to Sunoco equity awards in the merger?**

A: *Stock Options.* Each award of stock options outstanding immediately prior to the effective time of the merger, whether or not vested, will become fully vested and be converted into the right to receive a cash payment equal to (a) the number of shares of Sunoco common stock subject to the stock option, multiplied by (b) the excess, if any, of \$50.00 over the per share exercise price of the stock option, less any applicable withholding or other taxes.

*Restricted Share Units and Performance Share Units.* Each award of restricted share units and performance share units that is outstanding immediately prior to the effective time of the merger will become fully vested and be converted into the right to receive an amount in cash equal to the product of (a) the number of shares of Sunoco common stock subject to such award multiplied by (b) \$50.00 (or, in the case of awards granted prior to March 1, 2012, the highest trading price per share of Sunoco common stock as reflected in the *Wall Street Journal* during the 60-day period immediately preceding the effective time of the merger, if greater than \$50.00), less any applicable withholding or other taxes. For each performance share unit award granted in 2012, the number of shares of Sunoco common stock subject to such award will be equal to the target number of shares of Sunoco common stock subject to such award. For each other performance share unit award, the number of shares of Sunoco common stock subject to such award will be equal to the greater of (x) the target number of shares of Sunoco common stock subject to such award, and (y) the number of shares of Sunoco common stock that would be earned with respect to such award based on Sunoco's actual performance immediately prior to the effective time of the merger. A holder of restricted share units or performance share units will be entitled to payment of any accrued cash

dividend equivalents corresponding to such units in connection with the cash-out of the underlying units.

*Awards Granted Under Sunoco's Leadership Recognition Plan.* Each award granted under Sunoco's Leadership Recognition Plan denominated in shares of Sunoco common stock that is outstanding immediately prior to the effective time of the merger will become fully vested and be converted into the right to receive an amount in cash equal to the product of (a) the number of shares of Sunoco common stock subject to such award multiplied by (b) \$50.00, less any applicable withholding or other taxes.

### **Q: What will happen to Sunoco equity-based deferred compensation in the merger?**

A: At the effective time of the merger, each account under Sunoco's Directors' Deferred Compensation Plan I, Sunoco's Directors' Deferred Compensation Plan II, Sunoco's Deferred Compensation Plan and Sunoco's Executive Involuntary Deferred Compensation Plan that is denominated in Sunoco shares will be converted into a vested obligation to pay an amount in cash equal to the product of the total number of Sunoco shares subject to such deferred share account multiplied by \$50.00, plus, other than with respect to the Executive Involuntary Deferred Compensation Plan, interest at a rate of 120% of the long-term applicable federal rate through the applicable payment date (less all applicable withholding and other taxes).

### **Q: How is Sunoco common stock in SunCAP voted?**

A: If your Sunoco shares are held in custody through the Sunoco, Inc. Capital Accumulation Plan (which we refer to as SunCAP) by the Vanguard Fiduciary Trust Company (which we refer to as Vanguard) as trustee for SunCAP, you may vote by instructing Vanguard how to vote your shares pursuant to the vote instruction card that is mailed to you with this proxy statement. If you do not provide voting instructions, or provide unclear voting instructions, then Vanguard will vote the shares in your SunCAP account in proportion to the way the shares of Sunoco common stock are voted by the other SunCAP participants. Voting



## **Table of Contents**

instructions from SunCAP participants are maintained in the strictest confidence and will not be disclosed to Sunoco except for limited circumstances.

### **Q: If I am a Sunoco shareholder, will I receive dividends in the future?**

A: Before completion of the merger, Sunoco expects to pay regular quarterly dividends on shares of Sunoco common stock, which currently are \$0.20 per share, at times and intervals consistent with its prior practice and as permitted by the merger agreement. Your receipt of this regular quarterly dividend will not reduce the per share merger consideration. Once the merger is completed, to the extent shares of Sunoco common stock are exchanged for ETP common units, when distributions are declared by the board of directors (which we refer to as the ETP board of directors) of Energy Transfer Partners, L.L.C. (which we refer to as ETP LLC), the general partner of Energy Transfer Partners GP, L.P. (which we refer to as ETP GP and which is the general partner of ETP) and paid by ETP, former Sunoco shareholders will receive distributions on ETP common units that they receive in the merger in accordance with ETP's partnership agreement. For additional information, please read Summary Comparative ETP and Sunoco Per Unit/Share Market Price Data beginning on page 17. Current ETP unitholders will continue to receive distributions on their common units in accordance with ETP's partnership agreement. For a description of the distribution provisions of ETP's partnership agreement, please read Comparison of Rights of Sunoco Shareholders and ETP Unitholders beginning on page 138.

### **Q: What vote of shareholders is required to approve and adopt the merger agreement?**

A: The merger agreement proposal must be approved and adopted by the affirmative vote of holders of a majority of the votes cast by all shareholders entitled to vote thereon at the special meeting (provided a quorum is present in person or by proxy). Abstentions and broker non-votes will have no effect on the outcome of the vote on the merger agreement proposal.

### **Q: What vote of shareholders is required to approve the other matters to be considered at the special meeting?**

A: Approval of the advisory vote on specified compensation that may be received by Sunoco's named executive officers in connection with the merger requires the affirmative vote of shareholders entitled to vote and casting a majority of the votes at the special meeting. The vote of Sunoco shareholders on specified compensation that may be received by Sunoco's named executive officers in connection with the merger is advisory in nature and will not be binding on ETP or the Sunoco board of directors and will not affect whether the compensation is paid. Abstentions and broker non-votes will have no effect on the outcome of the advisory vote.

Any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement and the transactions contemplated thereby requires the affirmative vote of the holders of shares entitled to cast a majority of the votes present or represented at the special meeting in person or by proxy. Unless the Sunoco board of directors fixes a new record date for the adjourned special meeting, or law otherwise requires, no notice of the adjourned special meeting will be given so long as the time and place to which the special meeting is adjourned are announced at the special meeting adjourning and, at the adjourned special meeting only such business is transacted as might have been transacted at the original special meeting. Abstentions will be the equivalent of a vote against a proposal to adjourn the special meeting, while broker non-votes will have no effect on the outcome of the vote.

### **Q: What constitutes a quorum for the special meeting?**

A: A quorum requires the presence, in person or by proxy, of shareholders entitled to cast a majority of the votes which all shareholders are entitled to cast at the meeting.

### **Q: When and where will the special meeting be held?**

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A: The special meeting is scheduled to be held at on \_\_\_\_\_, 2012 at \_\_\_\_\_, local time.

vii

**Table of Contents**

**Q: Who is entitled to vote at the special meeting?**

A: All Sunoco shareholders who hold shares at the close of business on the record date, \_\_\_\_\_, 2012, are entitled to receive notice of and to vote at the special meeting and any adjournment or postponement thereof, provided that such shares remain outstanding on the date of the special meeting.

**Q: What are the expected U.S. federal income tax consequences to a Sunoco shareholder as a result of the merger?**

A: For U.S. federal income tax purposes, to the extent that a Sunoco shareholder receives cash in the merger, the shareholder will generally recognize gain or loss in an amount equal to the difference between the amount of cash received and the shareholder's adjusted basis in the Sunoco common stock treated as sold in the merger. In general, no gain or loss will be recognized by a Sunoco shareholder to the extent that a Sunoco shareholder receives ETP common units in the merger. For a more detailed discussion of the material U.S. federal income tax consequences of the merger to Sunoco shareholders, please see the section titled "Material U.S. Federal Income Tax Considerations" beginning on page 95.

**Q: Are there any risks in the merger that I should consider?**

A: Yes. There are risks associated with all business combinations, including the merger. These risks are discussed in more detail in the section titled "Risk Factors" beginning on page 18.

**Q: How do I vote at the special meeting?**

A: After you have carefully read this document, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope or by submitting your proxy or voting instruction by telephone or through the internet as soon as possible so that your Sunoco shares will be represented and voted at the special meeting.

If your Sunoco shares are held in "street name," please refer to your proxy card or the information forwarded by your broker or other

nominee to see which options are available to you. The internet and telephone proxy submission procedures are designed to authenticate Sunoco shareholders and to allow you to confirm that your instructions have been properly recorded.

If you are a record holder of Sunoco shares, the method you use to submit a proxy will not limit your right to vote in person at the special meeting if you later decide to attend the special meeting. If your Sunoco shares are held in the name of a broker or other nominee, you must obtain a proxy, executed in your favor from the holder of record, to be able to vote in person at the special meeting.

**Q: If my Sunoco shares are held in "street name" by my broker or other nominee, will my broker or other nominee vote my units without instructions from me?**

A: No. Your broker will not be able to vote your Sunoco shares without instructions from you. Please follow the procedure your broker provides to vote your shares.

**Q: If I am planning on attending the special meeting in person, should I still submit a proxy?**

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A: Yes. Whether or not you plan to attend the special meeting, you should submit a proxy. Sunoco shares will not be voted if the holder of such shares does not submit a proxy and then does not vote in person at the special meeting.

**Q: What do I do if I want to change my vote after I have delivered my proxy card?**

A: You may change your vote at any time before Sunoco shares are voted at the special meeting. You can do this in any of the three following ways:

by sending a written notice to the Secretary of Sunoco in time to be received before the special meeting stating that you revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before the special meeting or

**Table of Contents**

by submitting a later dated proxy by telephone or the internet, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

if you are a holder of record, or if you hold a proxy in your favor executed by a holder of record, by attending the special meeting and voting in person.

If your Sunoco shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

**Q: What should I do if I receive more than one set of voting materials for the special meeting?**

A: You may receive more than one set of voting materials for the special meeting and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive according to the instructions on it to ensure that all of your shares are voted.

**Q: Can I submit my proxy by telephone or the internet?**

A: Yes. In addition to mailing your proxy, you may submit it telephonically or on the internet. Instructions for using the telephone or internet to vote are described on your proxy card. For further information, please see the section titled *Special Meeting of Sunoco Shareholders How to Submit Your Proxy* beginning on page 29.

**Q: If I am a Sunoco shareholder, how do I make an election to receive the standard mix of consideration, a cash election or a unit election?**

A: As a holder of record of Sunoco shares entitled to vote, you will receive an election form, a copy of the proxy statement/prospectus and other appropriate and customary transmittal materials. The election form will allow you to specify the number of Sunoco shares with respect to which you elect to receive the standard mix of consideration, the number of shares with respect to which you make a cash election, and the number of shares with respect to which you make a unit election. You must complete and return the election form on or before 5 p.m., New York time, on the 20th day following the date on which the election form is mailed (or such other later date as ETP and Sunoco agree). An election form will be deemed properly completed only if accompanied by one or more certificates (or book-entry notations) representing all the Sunoco shares covered by such election form, together with duly executed transmittal materials included in the election form. ETP will make election forms available as may reasonably be requested from time to time by all persons who become holders (or beneficial owners) of Sunoco shares between the mailing date for the election form and the close of business on the business day prior to the election deadline. For further information, please see the section titled *Proposal 1: The Merger Sunoco Shareholders Making Elections* beginning on page 68. If you need to obtain an election form, please contact Morrow & Co., LLC at (800) 607-0088. (Banks and brokers may call collect at (203) 658-9400.) If you make no election with respect to your Sunoco shares by the election deadline, then you will be deemed to have elected to receive the standard mix of consideration for your Sunoco shares.

The election form and proxy card are separate documents and should each be completed in their entirety and sent to the appropriate addressee as directed in the instructions accompanying such materials. In lieu of completing a proxy card, you may also vote by telephone or on the internet. For further information, please see the section titled *Special Meeting of Sunoco Shareholders How to Submit Your Proxy* beginning on page 29.

**Q: Can I revoke or change my election after I mail my election form?**



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- A: Yes. You may revoke or change your election by sending written notice of such revocation or change to Computershare Trust Company, N.A., the exchange agent, which notice must be received by the exchange agent prior to the election deadline noted above. In the event an election is revoked, under the merger agreement

**Table of Contents**

the Sunoco shares represented by such election will be treated as shares in respect of which no election has been made and will be deemed to elect the standard mix of consideration, except to the extent a subsequent election is properly made by the Sunoco shareholder during the election period. For further information, please see the section titled *Proposal 1: The Merger Sunoco Shareholders Making Elections* beginning on page 68.

**Q: What happens if I do not make an election or my election form is not received before the election deadline?**

A: Sunoco shares for which no effective election has been made by the election deadline shall receive the standard mix of consideration for such shares. Therefore, upon completion of the merger, each of such Sunoco shares will be converted into the right to receive \$25.00 in cash and 0.5245 of an ETP common unit. For further information, please see the section titled *The Merger Agreement Election Procedures* beginning on pages 68 to 70.

**Q: How do I exchange my Sunoco shares for merger consideration?**

A: As soon as reasonably practicable (and in no event later than the fifth business day) following the effective time of the merger, the exchange agent appointed by ETP and Sunoco will mail to each holder of shares of Sunoco common stock (i) a letter of transmittal and (ii) instructions for use in effecting the surrender of the shares of Sunoco common stock (if such shares have not already been surrendered with an election form) in exchange for, as applicable, cash, ETP common units (which will be issued in book-entry form) and cash in lieu of any fractional common units. You should read these instructions carefully. Assuming that you complete and submit the election form and letter of transmittal in accordance with their respective instructions and surrender your Sunoco shares for cancellation, you will not need to take any further action in order to receive the merger consideration.

**Q: How will I receive the merger consideration to which I am entitled?**

A: You will be paid the merger consideration to which you are entitled upon the surrender to the exchange agent of your shares of Sunoco common stock and a duly completed and validly executed letter of transmittal. More information on the documentation you are required to deliver to the exchange agent may be found under the section titled *Proposal 1: The Merger Sunoco Shareholders Making Elections* beginning on page 68. Any ETP common units that you receive in the merger will be issued in book-entry form and you will receive cash in lieu of any fractional ETP common units. No interest will be paid or will accrue on any cash amounts received as merger consideration or in lieu of any fractional common units.

**Q: What happens if I sell my Sunoco shares after the record date but before the special meeting?**

A: The record date of the special meeting is earlier than the date of the special meeting and the date that the merger is expected to be completed. If you transfer your Sunoco shares after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting (provided that such shares remain outstanding on the date of the special meeting), but you will not have the right to receive the merger consideration to be received by Sunoco shareholders in the merger. In order to receive the merger consideration, you must hold your shares through the completion of the merger. Once you properly submit an election form and related documentation as required thereby, selecting the type of consideration you wish to receive in the merger, you may not be able to transfer your Sunoco shares unless you subsequently revoke your election in accordance with the instructions set by the exchange agent to have your shares returned to you prior to the election deadline.

**Q: Do I have dissenters rights?**

A: No. Sunoco shareholders do not have dissenters rights in connection with the merger.



**Table of Contents**

**Q: Is completion of the merger subject to any conditions?**

A: Yes. In addition to the approval and adoption of the merger agreement by Sunoco shareholders, completion of the merger requires the receipt of the necessary regulatory approvals, the absence of a material adverse effect on ETP, Sunoco or Sunoco Logistics Partners, L.P. (which we refer to as Sunoco Logistics ) and the satisfaction or, to the extent permitted by applicable law, waiver of the other conditions specified in the merger agreement.

**Q: When do you expect to complete the merger?**

A: ETP and Sunoco are working to complete the merger as promptly as practicable. ETP and Sunoco currently expect to complete the merger in the second half of 2012, subject to the receipt of Sunoco shareholder approval, regulatory approvals and other usual and customary closing conditions. However, no assurance can be given as to when, or whether, the merger will occur.

**Q: What happens if the merger is not completed?**

A: If the Sunoco shareholders do not approve and adopt the merger agreement or if the merger is not completed for any other reason, Sunoco shareholders will not receive any payment for their Sunoco shares in connection with the merger. Instead, Sunoco would remain an independent public company and Sunoco shares would continue to be listed and traded on the NYSE. Under specified circumstances, Sunoco may be required to pay ETP a breakup fee of \$225 million or up to \$20 million in expenses as described in the section titled The Merger Agreement Breakup Fee and ETP Expenses beginning on page 92.

**Q: Whom can I contact with questions about the special meeting or the merger and related matters?**

A: If you have any questions about the merger and the other matters contemplated by this document or how to submit your proxy or voting instruction card or if you need additional copies of this document or the enclosed proxy card or voting instruction card, you should contact Sunoco's proxy solicitor, Morrow & Co. Shareholders may call toll free at (800) 607-0088. Banks and brokers may call collect at (203) 658-9400. You may also contact Sunoco, Attention: Investor Relations, 1818 Market Street, Suite 1500, Philadelphia, Pennsylvania 19103-3687, telephone: (215) 977-3105.

## **Table of Contents**

### **SUMMARY**

*This summary highlights selected information from this document. You are urged to carefully read the entire document and the other documents referred to in this document because the information in this section does not provide all the information that might be important to you with respect to the merger agreement, the merger and the other matters being considered at the meeting. See *Where You Can Find More Information*. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.*

#### **Information About the Companies** (see page 25)

Energy Transfer Partners, L.P. is a publicly traded partnership owning and operating a diversified portfolio of energy assets. ETP has pipeline operations in Alabama, Arizona, Arkansas, Colorado, Florida, Louisiana, Mississippi, New Mexico, Utah and West Virginia and owns the largest intrastate pipeline system in Texas. ETP currently has natural gas operations that include approximately 23,500 miles of gathering and transportation pipelines, treating and processing assets, and three storage facilities located in Texas. ETP also holds a 70% interest in Lone Star NGL LLC (which we refer to as Lone Star ), a joint venture that owns and operates natural gas liquids (which we refer to as NGL ) storage, fractionation and transportation assets in Texas, Louisiana and Mississippi. ETP's general partner is owned by ETE.

Sunoco, Inc. is a leading hydrocarbon logistics and retail company. Sunoco owns a 2% general partner interest, all of the incentive distribution rights, and a 32.4% limited partner interest in Sunoco Logistics. Sunoco Logistics is an owner and operator of complementary pipeline, terminal and crude oil acquisition and marketing assets. Sunoco also owns a network of approximately 4,900 retail locations in 23 states.

Sam Acquisition Corporation is a Pennsylvania corporation and subsidiary of ETP. Merger Sub has not carried on any activities to date, other than activities incidental to its formation or undertaken in connection with the transactions contemplated by the merger agreement.

Southern Union Company (which we refer to as Southern Union ) is an indirect wholly owned subsidiary of ETE that owns and operates assets in the regulated and unregulated natural gas industry and is primarily engaged in the gathering, processing, transportation, storage and distribution of natural gas in the United States.

ETP Holdco Corporation (which we refer to as Holdco ) is an indirect wholly owned subsidiary of ETP. Holdco has not carried on any activities to date, other than activities incidental to its formation or undertaken in connection with the transactions contemplated by the Holdco restructuring (as defined herein). Following the closing of the merger, the Sunoco Logistics restructuring (as defined herein) and the Holdco restructuring, Holdco will own Southern Union and Sunoco. ETP will own a 40% equity interest in Holdco and have the right to appoint a majority of the directors, while ETE will own the remaining 60% equity interest. Please see Summary Post-Closing Structure for more information on the Holdco restructuring.

#### **The Merger** (see pages 31 to 72)

Sunoco and ETP have entered into a merger agreement, pursuant to which they agreed that Sunoco would become a subsidiary of ETP, and Sunoco will cease to be a publicly held company.

The merger agreement is attached as Annex A to this document, and both ETP and Sunoco encourage you to read it carefully and in its entirety because it is the legal document that governs the merger.

#### **Merger Consideration** (see page 74)

In the merger, Sunoco shareholders will receive, for each Sunoco common share they own as of immediately prior to the merger, a combination of \$25.00 in cash and 0.5245 of an ETP common unit (which we refer to as the standard mix of consideration ). Instead of receiving the standard mix of consideration, Sunoco shareholders will have an opportunity to make a cash election to receive \$50.00 in cash, or a unit election to receive 1.0490 ETP common units, for each Sunoco common share they own as of immediately prior to the merger. The cash and unit elections, however, will be subject to



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**Table of Contents**

proration to ensure that the total amount of cash paid and the total number of ETP common units issued in the merger to Sunoco shareholders as a whole are equal to the total amount of cash and number of ETP common units that would have been paid and issued if all Sunoco shareholders received the standard mix of consideration. Therefore:

if providing \$50.00 in cash per Sunoco share to those who make the cash election would cause ETP to pay more cash than if all Sunoco shareholders received \$25.00 in cash per share, then the amount of cash per Sunoco share to be received by holders making a cash election will be reduced (pro rata across all outstanding Sunoco shares subject to a cash election), so that the aggregate cash paid to all Sunoco shareholders is \$25.00 per share, and the remainder of the consideration in respect of outstanding Sunoco shares subject to a cash election will be payable in ETP common units and cash in lieu of fractional units; and

if providing 1.0490 ETP common units per Sunoco share to those who make the unit election would cause ETP to issue more ETP common units than if all Sunoco shareholders received 0.5245 of an ETP common unit per share, then the amount of ETP common units per Sunoco share to be received by holders making a unit election will be reduced (pro rata across all outstanding Sunoco shares subject to a unit election), so that the aggregate ETP common units paid to all Sunoco shareholders is 0.5245 of an ETP common unit per share, and the remainder of the consideration in respect of outstanding Sunoco shares subject to a unit election will be payable in cash.

Sunoco shareholders who elect to receive the standard mix of consideration for their Sunoco shares will not be subject to proration for such shares.

No fractional ETP common units will be issued. Former Sunoco shareholders to whom fractional units would have otherwise been issued will be entitled to receive, subject to applicable withholding, a cash payment equal to such shareholders' proportionate interest in the net proceeds from the sale of the

aggregated fractional units that would have been issued in the merger.

**Treatment of Sunoco Equity Awards** (see pages 87 and 88)

*Stock Options.* Each award of stock options outstanding immediately prior to the effective time of the merger, whether or not vested, will become fully vested and be converted into the right to receive a cash payment equal to (a) the number of shares of Sunoco common stock subject to the stock option, multiplied by (b) the excess, if any, of \$50.00 over the per share exercise price of the stock option, less any applicable withholding or other taxes.

*Restricted Share Units and Performance Share Units.* Each award of restricted share units and performance share units that is outstanding immediately prior to the effective time of the merger will become fully vested and be converted into the right to receive an amount in cash equal to the product of (a) the number of shares of Sunoco common stock subject to such award multiplied by (b) \$50.00 (or, in the case of awards granted prior to March 1, 2012, the highest trading price per share of Sunoco common stock as reflected in the *Wall Street Journal* during the 60-day period immediately preceding the effective time of the merger, if greater than \$50.00), less any applicable withholding or other taxes. For each performance share unit award granted in 2012, the number of shares of Sunoco common stock subject to such award will be equal to the target number of shares of Sunoco common stock subject to such award. For each other performance share unit award, the number of shares of Sunoco common stock subject to such award will be equal to the greater of (x) the target number of shares of Sunoco common stock subject to such award, and (y) the number of shares of Sunoco common stock that would be earned with respect to such award based on Sunoco's actual performance immediately prior to the effective time of the merger. A holder of restricted share units or performance share units will be entitled to payment of any accrued cash dividend equivalents corresponding to such units in connection with the cash-out of the underlying units.

*Awards Granted Under Sunoco's Leadership Recognition Plan.* Each award granted under Sunoco's Leadership Recognition Plan denominated

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**Table of Contents**

in shares of Sunoco common stock that is outstanding immediately prior to the effective time of the merger will become fully vested and be converted into the right to receive an amount in cash equal to the product of (a) the number of shares of Sunoco common stock subject to such award multiplied by (b) \$50.00, less any applicable withholding or other taxes.

*Accounts under Sunoco's Directors' Deferred Compensation Plan I, Sunoco's Directors' Deferred Compensation Plan II, Sunoco's Deferred Compensation Plan and Sunoco's Executive Involuntary Deferred Compensation Plan.* At the effective time of the merger, each account under Sunoco's Directors' Deferred Compensation Plan I, Sunoco's Directors' Deferred Compensation Plan II, Sunoco's Deferred Compensation Plan and Sunoco's Executive Involuntary Deferred Compensation Plan that is denominated in Sunoco shares will be converted into a vested obligation to pay an amount in cash equal to the product of the total number of Sunoco shares subject to such deferred share account multiplied by \$50.00, plus, other than with respect to the Executive Involuntary Deferred Compensation Plan, interest at a rate of 120% of the long-term applicable federal rate through the applicable payment date (less all applicable withholding and other taxes).

**Risk Factors** (see pages 18 to 23)

The merger is, and upon the completion of the merger, the combined company will be, subject to a number of risks, which are described in the section titled "Risk Factors" beginning on page 18. You should carefully read and consider these risks in deciding whether to vote for the approval and adoption of the merger agreement and the transactions contemplated thereby. Some of the most important risks include:

The exchange ratios for the merger are fixed and the market price of ETP common units will fluctuate, and therefore Sunoco shareholders receiving ETP common units cannot be sure of the market value of ETP common units that they will receive in the merger, which may be worth more or less than the \$50.00 per share available to those making a cash election. The value of ETP common units at and after the closing time of the merger may be higher or lower than the value of ETP common units when the exchange ratios were set.

Because cash and unit elections are subject to proration so that the total amount of cash paid and the total number of ETP common units issued in the merger to Sunoco shareholders does not exceed the amount of cash and number of ETP common units that would have been paid and issued if all Sunoco shareholders received the standard mix of consideration, Sunoco shareholders may receive a form or combination of consideration different from what they elect.

In order to properly make an election with respect to the merger consideration you must tender your shares with the election form. Therefore, you will not be able to sell those shares unless you revoke your election prior to the election deadline.

If the merger agreement is terminated, under certain circumstances, Sunoco may be obligated to reimburse ETP for costs incurred related to the merger or pay a breakup fee to ETP. These costs could require Sunoco to seek loans or use Sunoco's available cash that would have otherwise been available for operations, dividends or other general corporate purposes.

**Special Meeting of Sunoco Shareholders** (see pages 27 to 30)

*Where and when:* The special meeting is scheduled to be held at \_\_\_\_\_ on \_\_\_\_\_, 2012 at \_\_\_\_\_, local time.

*Proposals being considered:* Sunoco shareholders are being asked to consider and vote on the following proposals:

- (1) to approve and adopt the merger agreement (attached as Annex A to this document) and the transactions contemplated thereby;
- (2) to approve, on an advisory (non-binding) basis, specified compensation that may be received by Sunoco's named executive officers in connection with the merger;





**Table of Contents**

- (3) any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement and the transactions contemplated thereby; and
- (4) to transact such other business as may properly come before the special meeting and any adjournment or postponement thereof (at the present time, Sunoco knows of no other matters that will be presented for consideration at the special meeting).

*Who may vote:* You may vote at the special meeting if you owned Sunoco shares at the close of business on the record date, \_\_\_\_\_, 2012. You may cast one vote for each Sunoco share that you owned on the record date.

*How to vote:* Please complete and submit the enclosed proxy card as soon as possible or transmit your voting instructions by using the telephone or internet procedures described on your proxy card.

*Vote needed to approve and adopt the merger agreement and the transactions contemplated thereby:* The merger agreement must be approved and adopted by the affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon at the special meeting. Abstentions and broker non-votes will have no effect on the outcome of the vote on the merger agreement.

*Vote needed to approve, on an advisory (non-binding) basis, specified compensation that may be received by Sunoco's named executive officers in connection with the merger:* Approval of the advisory vote on specified compensation that may be received by Sunoco's named executive officers in connection with the merger requires the affirmative vote of shareholders entitled to vote and casting a majority of the votes at the special meeting. The vote to approve specified compensation is not a condition to completion of the merger. The vote of Sunoco shareholders on specified compensation that may be received by Sunoco's named executive officers in connection with the merger is advisory in nature and will not be binding on ETP or Sunoco. Accordingly, regardless of the outcome of the advisory vote, if the merger is approved and completed, specified

compensation may be paid. Abstentions and broker non-votes will have no effect on the outcome of the advisory vote.

*Vote needed to approve any adjournment of the special meeting:* Any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement requires the vote of the holders of shares entitled to cast a majority of the votes present or represented at the special meeting in person or by proxy. Unless the Sunoco board of directors fixes a new record date for the adjourned special meeting, or law otherwise requires, no notice of the adjourned special meeting will be given so long as the time and place to which the special meeting is adjourned are announced at the special meeting adjourning and, at the adjourned special meeting only such business is transacted as might have been transacted at the original special meeting. Abstentions will be the equivalent of a vote against a proposal to adjourn the special meeting, while broker non-votes will have no effect on the outcome of the vote.

**Sunoco Reasons for the Merger; Recommendation of the Sunoco Board of Directors** (see pages 40 to 44)

The Sunoco board of directors has unanimously approved the merger agreement and has recommended that the Sunoco shareholders vote FOR the approval and adoption of the merger agreement and the transactions contemplated thereby. In reaching its decision to approve and adopt the merger agreement and recommend to the Sunoco shareholders that they vote to approve and adopt the merger agreement and the transactions contemplated thereby, the Sunoco board of directors consulted with Sunoco management and its financial and legal advisors and considered a variety of factors. Some of those factors include:

The aggregate value and composition of the merger consideration to be received by Sunoco shareholders in the merger.

The premium that the merger consideration represents compared to Sunoco's historical trading prices.

The likelihood of completing the merger, including the lack of a financing condition and the obligation of ETP to use reasonable



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## Table of Contents

best efforts to obtain approvals of applicable antitrust and competition authorities, including the requirement of ETP to dispose of any assets and agree to any limitations on the combined company's freedom of action to obtain the regulatory approvals necessary to complete the merger.

The potential breakup fee of \$225 million or the expense reimbursement up to \$20 million, in each case, payable by Sunoco to ETP under the circumstances specified in the merger agreement.

The interests of the Sunoco board of directors as discussed under *Proposal 1: The Merger* *Interests of Sunoco's Directors and Executive Officers in the Merger*.

### **Opinion of Sunoco's Financial Advisor** (see pages 44 to 55)

On April 29, 2012, Credit Suisse Securities (USA) LLC (which we refer to as *Credit Suisse*), rendered its oral opinion to the Sunoco board of directors (which was subsequently confirmed in writing by delivery of *Credit Suisse's* written opinion dated the same date) to the effect that, as of April 29, 2012, the aggregate merger consideration to be received by the holders of Sunoco common stock in the merger pursuant to the merger agreement was fair, from a financial point of view, to such holders.

**Credit Suisse's opinion was directed to the Sunoco board of directors, and only addressed the fairness, from a financial point of view, to the holders of Sunoco common stock of the aggregate merger consideration to be received by such holders in the merger pursuant to the merger agreement and did not address any other aspect or implication of the merger. The summary of Credit Suisse's opinion in this document is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex C to this document and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion. However,**

**neither Credit Suisse's written opinion nor the summary of its opinion and the related analyses set forth in this document are intended to be, and they do not constitute, advice or a recommendation to any holder of Sunoco common stock as to how such shareholder should vote or act with respect to any matter relating to the merger. See *Proposal 1: The Merger* *Opinion of Sunoco's Financial Advisor*.**

### **Interests of Sunoco's Directors and Executive Officers in the Merger** (see pages 59 to 66)

Sunoco's directors and executive officers have interests in the merger that are different from, or in addition to, their interests as Sunoco shareholders. The members of the Sunoco board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to Sunoco shareholders that they vote to approve and adopt the merger agreement and the transactions contemplated thereby.

These interests include:

The merger agreement provides for the vesting and cash-out of all Sunoco equity awards.

Sunoco's Special Executive Severance Plan provides change-in-control severance benefits to Sunoco's executive officers (other than Sunoco's former chief executive officer and former executive chairman of the board, Lynn L. Elsenhans) in the event of certain qualifying terminations of employment before and in connection with or two years after the merger. These benefits include, with respect to any executive officer participating in the plan on or prior to November 25, 2008, a make-whole payment for any excise taxes imposed on excess parachute payments resulting from the merger, provided that change of control payments will be reduced such that no excise taxes will apply if the total payments are less than 10% in excess of the threshold above which the excise taxes would apply (which we refer to as an *Excise Tax Make-Whole*).



## **Table of Contents**

Sunoco's former chief executive officer and former executive chairman of the board, Lynn L. Elsenhans, is entitled to certain additional payments and benefits under her termination agreement if the merger occurs on or prior to May 3, 2013. In addition, Ms. Elsenhans remains entitled to an Excise Tax Make-Whole, which Sunoco agreed to when it hired her in August 2008.

In consideration of their agreements to abide by certain confidentiality, non-compete and non-solicitation covenants, during and after their employment with Sunoco, ETP or their respective affiliates, ETP has agreed to provide each of Brian P. MacDonald, Stacy L. Fox and Dennis Zeleny with an Excise Tax Make-Whole.

Sunoco's directors and executive officers are also entitled to continued indemnification and insurance coverage under the merger agreement. For additional information, see Proposal 1: The Merger Interests of Sunoco's Directors and Executive Officers in the Merger.

### **Regulatory Approvals Required for the Merger** (see page 68)

Governmental and regulatory approvals are required to complete the transactions contemplated by the merger agreement. These approvals include the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (which we refer to as the HSR Act). ETE and Sunoco each filed the required notification and report forms under the HSR Act on May 17, 2012 and on May 25, 2012 were informed by the Federal Trade Commission (which we refer to as the FTC) that the waiting period was terminated. At any time before or after the completion of the merger, the Antitrust Division of the Department of Justice (which we refer to as the Antitrust Division), the FTC or others could take action under the antitrust laws as deemed necessary or desirable in the public interest, including without limitation seeking to enjoin the completion of the merger or to permit completion only subject to regulatory concessions or conditions.

In addition, a subsidiary of Sunoco requested the Federal Energy Regulatory Commission (which we refer to as FERC) to allow the termination of its market rate tariff for wholesale electric power sales, and FERC has granted the request effective July 2.

### **Dissenters Rights** (see page 76)

Under Pennsylvania law, Sunoco shareholders are not entitled to dissenters rights as a result of the merger.

### **NYSE Listing of ETP Common Units** (see page 71)

ETP common units are currently listed on the NYSE under the ticker symbol ETP. It is a condition to closing that the common units to be issued in the merger to Sunoco shareholders be approved for listing on the NYSE, subject to official notice of issuance.

### **Delisting and Deregistration of Sunoco Common Stock** (see page 71)

Sunoco common stock is currently listed on the NYSE under the ticker symbol SUN. If the merger is completed, Sunoco common stock will cease to be listed on the NYSE and will be deregistered under the Exchange Act.

### **Conditions to Completion of the Merger** (see pages 74 to 76)

The obligations of ETP, on one hand, and Sunoco, on the other hand, to complete the merger are subject to the fulfillment (or waiver) of the following conditions:

*Sunoco Shareholder Approval.* Approval and adoption of the merger agreement by holders of a majority of the votes cast at the Sunoco special meeting.

*Regulatory Approvals.* Expiration or termination of the waiting period under the HSR Act (which occurred on May 25, 2012) and, if required, approval of the merger by FERC (which will not be required).

*No Injunction.* No injunction or law prohibiting the merger.

## **Table of Contents**

*Registration Statement.* The registration statement (of which this document forms a part) must be effective, and no proceeding for the purpose of suspending the effectiveness of the registration statement has been initiated or threatened by the SEC.

*NYSE Listing.* Approval for listing on the NYSE, subject to official notice of issuance, of the ETP common units to be issued in the merger.

*Accuracy of Representations; No Material Adverse Effect.* Accuracy of the other party's representations, except with certain exceptions, where the failure to be accurate would not have a material adverse effect on Sunoco, Sunoco Logistics or ETP.

*Compliance with Covenants.* Material compliance with the other party's covenants.

*Tax Opinions.* Receipt by each party of one or more legal opinions from its counsel covering certain U.S. federal income tax matters.

*ETP Partnership Agreement Amendment.* Execution of the ETP partnership agreement amendment, pursuant to which, among other things, the amount of quarterly distributions that ETE, as the holder of incentive distribution rights, is entitled to receive from ETP would be reduced by an aggregate of \$210 million over 12 consecutive quarters following the closing of the merger.

Neither ETP nor Sunoco can give any assurance that all of the conditions to the merger will either be satisfied or waived or that the merger will occur.

### **ETP Partnership Agreement Amendment (see page 75)**

In conjunction with the merger, ETP will enter into an amendment to its partnership agreement to (1) create the Class F units to be issued in the Sunoco Logistics restructuring and (2) reduce the amount of quarterly distributions that ETE, as the holder of incentive distribution rights, is entitled to receive from ETP by an aggregate of \$210 million over 12 consecutive quarters following the closing of the merger.

### **Post-Closing Structure (see pages 58 to 59)**

Under the merger agreement, immediately prior to, or contemporaneously with, the effective time of the merger, Sunoco will contribute:

the equity interests of Sunoco Partners LLC (which currently holds the 2% general partner interest, incentive distribution rights, and a 32.4% limited partner interest in Sunoco Logistics) to ETP in exchange for 50,706,000 newly issued Class F units of ETP, and

its cash on hand to ETP in exchange for a number of newly issued Class F units of ETP equal to the amount of such cash divided by \$50.00.

We refer to this transaction as the Sunoco Logistics restructuring, and the Sunoco Logistics restructuring will only occur if all of the conditions to the closing of the merger have been satisfied or waived. For a description of the Class F units, see Description of ETP Common Units Common Units, Class E Units, Class F Units and General Partner Interest.

On June 15, 2012, following the approval of (i) the conflicts committee of the ETP board of directors, (ii) the ETP board of directors, (iii) the special committee and the conflicts committee of the board of directors of LE GP, LLC, the general partner of ETE (which we refer to as the ETE board of directors) and (iv) the ETE board of directors, ETE, ETP and their respective relevant subsidiaries entered into a transaction agreement, pursuant to which, immediately following the closing of the merger and the Sunoco Logistics restructuring, (a) ETE will contribute its interest in Southern Union to ETP Holdco in exchange for a 60% equity interest in Holdco and (b) ETP will contribute Sunoco to Holdco and will retain a 40% equity interest in Holdco. We refer to these transactions involving Holdco as the Holdco restructuring and refer to the resulting structure following the Sunoco Logistics restructuring and the Holdco restructuring as the post-closing structure.





## **Table of Contents**

The diagrams below illustrate the organizational structure of ETP, ETE, Sunoco and Sunoco Logistics prior to the closing of the merger and after the closing of the merger and completion of the Sunoco Logistics restructuring and Holdco restructuring:

### **Non-Solicitation by Sunoco** (see pages 83 to 87)

The merger agreement contains a detailed provision prohibiting Sunoco from soliciting, engaging in discussions, providing non-public information, recommending or agreeing to an alternative takeover proposal, unless the Sunoco board of directors determines that the alternative proposal is, or could reasonably be expected to lead to, a Superior Offer (as defined in the merger agreement) and such alternative proposal was not made or received in violation of the non-solicitation prohibitions.

If Sunoco determines that a proposal is a Superior Offer and decides to change its recommendation to shareholders in favor of the merger or terminate the merger agreement in order to accept a Superior Offer, Sunoco must first negotiate with ETP for 72 hours to modify the current transaction.

### **Termination of Merger Agreement** (see pages 91 to 92)

The merger agreement can be terminated in the following circumstances:

*Mutual Agreement.* Mutual agreement of ETP and Sunoco.

*End Date.* Termination by either party, if the merger has not closed by December 31, 2012, which may be extended to March 31, 2013 in certain circumstances.

*Final Injunction.* Termination by either party, if a permanent injunction has been issued prohibiting the merger.

*Shareholder Rejection.* Termination by either party, if Sunoco shareholders fail to approve and adopt the merger agreement at the Sunoco special meeting.

*Superior Offer.* Termination by Sunoco, prior to Sunoco shareholder approval of the merger, in order to accept a Superior Offer, but Sunoco must have first negotiated with ETP for 72 hours to modify the current

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**Table of Contents**

transaction and, prior to terminating the merger agreement, must have paid to ETP the \$225 million breakup fee described below.

*Change in Recommendation.* Termination by ETP, if the Sunoco board of directors changes its recommendation to the Sunoco shareholders to vote for the merger.

*Breach of Representations or Covenants.* Termination by either party, if the other party has breached its representations or covenants in a way that causes a closing condition to fail, including a willful and material breach of the non-solicitation obligations.

**Breakup Fee and ETP Expenses** (see pages 92 to 93)

*Breakup Fee.* Sunoco must pay ETP a breakup fee of \$225 million (which we refer to as the breakup fee) in the following circumstances:

*Termination to Accept Superior Offer.* Sunoco terminates the merger agreement in order to accept a Superior Offer.

*Willful Breach of Non-Solicitation Obligations.* ETP terminates the merger agreement prior to the approval of the merger agreement by the Sunoco shareholders because Sunoco has willfully and materially breached its non-solicitation obligations, other than where (1) the breach is the result of an isolated action by a representative of Sunoco (other than a director or senior officer of Sunoco), (2) such breach was not caused by, or within the knowledge of, Sunoco, (3) Sunoco takes appropriate actions to remedy such breach upon discovery thereof, and (4) ETP is not significantly harmed as a result of such breach.

*Change in Recommendation Following Alternative Proposal.* ETP terminates the merger agreement because the Sunoco board of directors changes its recommendation for the merger, and prior to the termination of the merger agreement, a third party shall have made an acquisition proposal for Sunoco that has not been withdrawn.

*Failure to Call a Shareholders Meeting by the Drop-Dead Date following Alternative Proposal.* ETP terminates the merger agreement because Sunoco breaches its obligation under the merger agreement to call the Sunoco special meeting, and prior to the termination of the merger agreement, a third party shall have made an acquisition proposal for Sunoco that has not been withdrawn.

*Shareholder Rejection Following an Alternative Acquisition Proposal with Subsequent Deal.* Either party terminates the merger agreement because the Sunoco shareholders do not approve and adopt the merger agreement at the Sunoco special meeting, and prior to such termination (1) an alternative proposal is made to Sunoco prior to the Sunoco special meeting and not withdrawn and (2) Sunoco enters into an agreement providing for or consummates an alternative takeover transaction involving 75% of the assets or equity of Sunoco within 12 months after the termination of the merger agreement.

*Change of Recommendation Following Intervening Event.* ETP terminates the merger agreement because the Sunoco board of directors changes its recommendation and Sunoco enters into an agreement providing for or consummates an alternative takeover transaction involving 75% of the assets or equity of Sunoco within 12 months after the termination of the merger agreement.

*ETP Expense Reimbursement.* If either party terminates the merger agreement because the Sunoco board of directors changes its recommendation for the merger, and in circumstances otherwise where the breakup fee is not payable, then Sunoco will reimburse ETP's documented out-of-pocket expenses up to \$20 million. If Sunoco has reimbursed ETP's expenses, and ETP later would become entitled to a breakup fee pursuant to a provision above, the expense reimbursement will be credited against the breakup fee.

## **Table of Contents**

### **Accounting Treatment** *(see page 67)*

In accordance with accounting principles generally accepted in the United States (which we refer to as GAAP), ETP will account for the merger using the acquisition method of accounting for business combinations.

### **Material U.S. Federal Income Tax Considerations** *(see pages 95 to 119)*

A Sunoco shareholder that exchanges shares of Sunoco common stock pursuant to the merger generally will recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received and the shareholder's adjusted basis in the Sunoco common stock treated as sold in the merger. In general, no gain or loss will be recognized by a Sunoco shareholder upon the exchange of Sunoco common stock for ETP common units pursuant to the merger.

The U.S. federal income tax consequences of owning and disposing of ETP common units received in the merger are complex.

All Sunoco shareholders should consult their own tax advisors regarding the U.S. federal income tax consequences to them of exchanging shares of Sunoco common stock pursuant to the merger, and of owning and disposing of ETP common units in light of their particular circumstances. For a more detailed discussion of the material U.S. federal income tax consequences to Sunoco shareholders of exchanging shares of Sunoco common stock pursuant to the merger and of owning and disposing of ETP common units received in the merger, please see the section titled Material U.S. Federal Income Tax Considerations.

### **Comparison of Rights of Sunoco Shareholders and ETP Unitholders** *(see pages 138 to 150)*

The rights of Sunoco shareholders are currently governed by Sunoco's amended and restated articles of incorporation, bylaws and the Pennsylvania Business Corporation Law (which we refer to as the PBCL). Sunoco shareholders who receive ETP common units in the merger will become ETP

unitholders upon completion of the merger, and their rights as such will be governed by ETP's certificate of limited partnership, partnership agreement, as amended, and the Delaware Revised Uniform Limited Partnership Act. As a result, these Sunoco shareholders will have different rights once they become unitholders of ETP due to the differences in the governing documents of and laws applicable to Sunoco and ETP. The key differences are described in the section titled Comparison of Rights of Sunoco Shareholders and ETP Unitholders, and among the most important differences are:

Under the Sunoco articles of incorporation and bylaws, Sunoco shareholders have the right to vote for the election of directors who manage the affairs of the corporation. ETP unitholders are not entitled to elect the directors of ETP's general partner or directly or indirectly participate in the management or operation of ETP.

Approval of the Sunoco shareholders is required to authorize the issuance of Sunoco common stock in excess of the authorized number of shares set forth in the Sunoco articles of incorporation. In addition, under the rules of the NYSE, subject to certain exceptions, Sunoco shareholders must approve the issuance of Sunoco common stock equal to or in excess of 20% of the voting power outstanding before the issuance. In contrast, ETP's partnership agreement authorizes ETP to issue an unlimited number of additional limited partner interests and other equity securities that are senior to, equal in rank with or junior to the common units on terms and conditions established by ETP's general partner in its sole discretion without the approval of ETP's unitholders. In addition, as a limited partnership, ETP is exempt from the rule of the NYSE that would require equityholder approval for the issuance of equity equal to or in excess of 20% of the number of outstanding equity of a company.

Sunoco shareholders are entitled to receive dividends as and when declared by the Sunoco board of directors out of funds legally available for such payment, subject



## **Table of Contents**

to any preferential dividend rights of holders of outstanding shares of preferred stock. ETP's partnership agreement requires that ETP distribute, within 45 days after the end of each quarter, all of its available cash to its partners as of the applicable record date.

Shares of Sunoco's common stock are not redeemable. If at any time ETP's general partner and its affiliates hold more than 80% of the outstanding limited partner interests of any class, the general partner has the right to acquire all of the remaining interests of the class held by unaffiliated persons.

### **Expected Timing of the Merger** *(see page 67)*

ETP and Sunoco currently expect to complete the merger in the second half of 2012, subject to the receipt of required Sunoco shareholder and regulatory approvals and the satisfaction or waiver of the other conditions to completion of the merger. Because many of the conditions to completion of the merger are beyond the control of ETP and Sunoco, exact timing for completion of the merger cannot be predicted with any amount of certainty.

### **Litigation Related to the Merger** *(see page 72)*

Following the announcement of the merger on April 30, 2012, eight putative class action and

derivative complaints were filed in connection with the merger in the Court of Common Pleas of Philadelphia County, Pennsylvania. Each complaint names as defendants the members of Sunoco's board of directors and alleges that they breached their fiduciary duties by negotiating and executing, through an unfair and conflicted process, a merger agreement that provides inadequate consideration and that contains impermissible terms designed to deter alternative bids. Each complaint also names as defendants Sunoco, ETP, ETP GP, ETP LLC, and Merger Sub, alleging that they aided and abetted the breach of fiduciary duties by Sunoco's directors; some of the complaints also name ETE as a defendant on those aiding and abetting claims. The lawsuits seek an injunction barring completion of the merger and, in some instances, damages. The defendants believe that the lawsuits are without merit and intend to defend vigorously against them.

### **Advisory Vote on Specified Compensation** *(see page 151)*

Sunoco is requesting the Sunoco shareholders' approval, on an advisory (non-binding) basis, of specified compensation that may be payable to Sunoco's named executive officers in connection with the merger.

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**Table of Contents**

**Energy Transfer Partners Selected Historical and Pro Forma Consolidated Financial Data**

The following table shows ETP's selected audited historical consolidated financial data as of and for each of the years ended December 31, 2011, 2010, 2009 and 2008, for the fiscal year ended August 31, 2007 and for the four months ended December 31, 2007 and unaudited consolidated financial data for each of the three months ended March 31, 2012 and 2011 and are derived from ETP's consolidated financial statements.

The unaudited pro forma consolidated financial data of ETP provided below reflects the pro forma impacts of the following:

the contribution by ETP on January 12, 2012 of its propane operations, consisting of Heritage Operating, L.P. (which we refer to as HOLP) and Titan Energy Partners, L.P. (which we refer to as Titan), to AmeriGas Partners, L.P. (which we refer to as AmeriGas), in exchange for approximately \$1.46 billion in cash and approximately 29.6 million AmeriGas common units valued at \$1.12 billion at the time of the contribution; the assumption by AmeriGas of approximately \$71.0 million of existing HOLP debt; and the use by ETP of the cash proceeds received from AmeriGas to complete the redemption of \$750 million of aggregate principal amount of its senior notes and to repay borrowings on its revolving credit facility;

in connection with ETE's consummation of its acquisition of Southern Union on March 26, 2012, the merger of CrossCountry Energy, LLC (which we refer to as CrossCountry), a subsidiary of Southern Union that indirectly owns a 50% interest in Citrus Corp., with a subsidiary of ETP and the payment by ETP of \$1.895 billion in cash and issuance of \$105 million of ETP common units;

the consummation of the transactions contemplated by the merger agreement, including the merger and ETE's relinquishment of its right to an aggregate of \$210 million of incentive distributions from ETP that ETE would otherwise be entitled to receive over 12 consecutive quarters following the closing of the merger; and

the Sunoco Logistics restructuring and the Holdco restructuring.

The unaudited pro forma condensed consolidated balance sheet gives effect to the transactions described in the third and fourth bullets above as if they had occurred on March 31, 2012. The unaudited pro forma condensed consolidated statements of operations assume that all of the transactions described above were consummated on January 1, 2011. The unaudited pro forma condensed consolidated financial statements are for illustrative purposes only and are not necessarily indicative of the financial results that would have occurred if the transactions described above had been consummated on the dates indicated, nor are they necessarily indicative of the financial position or results of operations in the future. The pro forma adjustments, as described in the accompanying notes to the unaudited pro forma financial information included elsewhere in this document, are based upon available information and certain assumptions that are believed to be reasonable as of the date of this document.

You should read the historical and pro forma financial data in connection with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto set forth in ETP's Annual Report on Form 10-K for the year ended December 31, 2011 and ETP's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, as well as in

Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto set forth in Sunoco's Annual Report on Form 10-K for the year ended December 31, 2011, Sunoco's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 and Sunoco's Current Report on Form 8-K filed with the SEC on June 22, 2012, which are incorporated by reference into this document. See Where You Can Find More Information.

**Table of Contents****ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF OPERATIONS DATA AND BALANCE SHEET DATA**

(Dollars in millions, except per unit data)

|  | Three Months Ended |                | Historical               |          |          |          | Four Months Ended December 31, 2007 | Year Ended August 31, 2007 | Pro Forma                         |                              |
|--|--------------------|----------------|--------------------------|----------|----------|----------|-------------------------------------|----------------------------|-----------------------------------|------------------------------|
|  | March 31, 2012     | March 31, 2011 | Years Ended December 31, |          |          |          |                                     |                            | Three Months Ended March 31, 2012 | Year Ended December 31, 2011 |
|  |                    |                | 2011                     | 2010     | 2009     | 2008     |                                     |                            |                                   |                              |
| <b>Statement of Operations Data:</b>               |                    |                |                          |          |          |          |                                     |                            |                                   |                              |
| Total revenues                                     | \$ 1,306           | \$ 1,688       | \$ 6,850                 | \$ 5,885 | \$ 5,417 | \$ 9,294 | \$ 2,350                            | \$ 6,792                   | \$ 14,121                         | \$ 53,440                    |
| Operating income (loss)                            | 254                | 363            | 1,245                    | 1,058    | 1,128    | 1,118    | 324                                 | 830                        | 756                               | (893)                        |
| Income (loss) from continuing operations           | 1,126              | 247            | 697                      | 617      | 792      | 866      | 262                                 | 677                        | 510                               | (599)                        |
| Basic net income (loss) per limited partner unit   | 4.36               | 0.71           | 1.10                     | 1.20     | 2.53     | 3.74     | 1.24                                | 3.32                       | 0.58                              | (1.54)                       |
| Diluted net income (loss) per limited partner unit | 4.35               | 0.71           | 1.10                     | 1.19     | 2.53     | 3.74     | 1.24                                | 3.31                       | 0.58                              | (1.54)                       |
| Cash distributions per unit                        | 0.89               | 0.89           | 3.58                     | 3.58     | 3.58     | 3.55     | 1.13                                | 3.19                       |                                   |                              |
| <b>Balance Sheet Data (at period end):</b>         |                    |                |                          |          |          |          |                                     |                            |                                   |                              |
| Total assets                                       | 17,408             | 12,251         | 15,519                   | 12,150   | 11,735   | 10,627   | 9,008                               | 7,708                      | 43,633                            |                              |
| Long-term debt, less current maturities            | 8,741              | 6,554          | 7,388                    | 6,405    | 6,177    | 5,619    | 4,297                               | 3,627                      | 15,348                            |                              |
| Total equity                                       | 7,448              | 4,770          | 6,350                    | 4,743    | 4,600    | 3,743    | 3,379                               | 3,042                      | 16,230                            |                              |
| <b>Other Financial Data:</b>                       |                    |                |                          |          |          |          |                                     |                            |                                   |                              |
| Capital expenditures:                              |                    |                |                          |          |          |          |                                     |                            |                                   |                              |
| Maintenance (accrual basis)                        | 24                 | 20             | 134                      | 99       | 103      | 141      | 49                                  | 89                         |                                   |                              |
| Growth (accrual basis)                             | 529                | 141            | 1,376                    | 1,289    | 530      | 1,922    | 604                                 | 998                        |                                   |                              |
| Cash (received in) paid for acquisitions           | (1,905)            | (3)            | 1,972                    | 178      | (30)     | 85       | 337                                 | 91                         |                                   |                              |



**Table of Contents****Sunoco Selected Historical Consolidated Financial Data**

The following table shows Sunoco's selected audited historical consolidated financial data as of and for each of the years ended December 31, 2011, 2010, 2009, 2008 and 2007 and unaudited historical consolidated financial data as of and for each of the three months ended March 31, 2012 and 2011 and are derived from Sunoco's consolidated financial statements. You should read the following data in connection with

Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto set forth in Sunoco's Annual Report on Form 10-K for the year ended December 31, 2011, Sunoco's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 and Sunoco's Current Report on Form 8-K filed with the SEC on June 22, 2012, which are incorporated by reference into this document. See Where You Can Find More Information. See also the unaudited pro forma financial information set forth elsewhere in this document regarding the proposed merger with ETP. The following information is only a summary and is not necessarily indicative of the results of future operations of Sunoco.

**SUNOCO, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF OPERATIONS DATA AND BALANCE SHEET DATA**

(Dollars in millions, except per share amounts)

|   | Three Months Ended |                   | Years Ended |           |           |           |           |
|---|--------------------|-------------------|-------------|-----------|-----------|-----------|-----------|
|   | March 31,<br>2012  | March 31,<br>2011 | 2011        | 2010      | 2009      | 2008      | 2007      |
| <b>Statement of Operations Data:</b>                                |                    |                   |             |           |           |           |           |
| Sales and other operating revenue (including consumer excise taxes) | \$ 12,198          | \$ 9,978          | \$ 45,307   | \$ 34,867 | \$ 28,459 | \$ 47,231 | \$ 39,003 |
| Income (loss) from continuing operations                            | 299                | (71)              | (1,403)     | 299       | (447)     | 809       | 815       |
| Income (loss) from discontinued operations*                         | 2                  | (9)               | (106)       | 129       | 247       | 80        | 146       |
| Net income (loss)**   | 301                | (80)              | (1,509)     | 428       | (200)     | 889       | 961       |
| Net income (loss) attributable to Sunoco, Inc. shareholders         | 248                | (101)             | (1,684)     | 234       | (329)     | 776       | 891       |
| <b>Per-Share Data Attributable to Sunoco, Inc. Shareholders:</b>    |                    |                   |             |           |           |           |           |
| Income (loss) from continuing operations:                           |                    |                   |             |           |           |           |           |
| Basic   | 2.32               | (0.83)            | (13.64)     | 0.94      | (4.74)    | 6.11      | 6.34      |
| Diluted   | 2.31               | (0.83)            | (13.64)     | 0.94      | (4.74)    | 6.11      | 6.33      |
| Net income (loss):  |                    |                   |             |           |           |           |           |
| Basic   | 2.33               | (0.84)            | (14.55)     | 1.95      | (2.81)    | 6.63      | 7.44      |
| Diluted   | 2.32               | (0.84)            | (14.55)     | 1.95      | (2.81)    | 6.63      | 7.43      |
| Cash dividends on common stock                                      | 0.20               | 0.15              | 0.60        | 0.60      | 1.20      | 1.175     | 1.075     |
| <b>Balance Sheet Data:</b>  |                    |                   |             |           |           |           |           |
| Cash and cash equivalents   | 1,985              | 1,480             | 2,064       | 1,485     | 377       | 240       | 648       |
| Total assets  | 9,801              | 13,786            | 11,982      | 13,297    | 11,895    | 11,150    | 12,426    |
| Short-term borrowings and current portion of long-term debt         |                    | 320               | 385         | 293       | 403       | 458       | 4         |
| Long-term debt, less current portion                                | 2,572              | 2,152             | 3,159       | 2,136     | 2,061     | 1,705     | 1,724     |
| Sunoco, Inc. shareholders' equity                                   | 720                | 2,950             | 893         | 3,046     | 2,557     | 2,842     | 2,533     |
| Total equity  | 1,496              | 3,694             | 1,800       | 3,799     | 3,119     | 3,280     | 2,972     |

**Table of Contents**

- \* Consists of income (loss) from cokemaking operations that were spun off in 2012, the phenol chemicals business which was divested in 2011, the polypropylene chemicals business which was divested in 2010 and the Tulsa refinery which was divested in 2009. Includes after-tax provisions for asset write-downs and other matters totaling \$160, \$7, \$149 and \$15 million in 2011, 2009, 2008 and 2007, respectively, a net after-tax gain related to the divestment of the phenol chemicals operations totaling \$8 million in 2011, net after-tax losses related to the divestment of the polypropylene chemicals business totaling \$4 and \$44 million, respectively, in 2011 and 2010 and a net after-tax gain related to the divestment of the Tulsa refinery totaling \$41 million in 2009.
- \*\* Includes after-tax gains related to the prior issuance of Sunoco Logistics limited partnership units totaling \$14 and \$90 million in 2008 and 2007, respectively, an after-tax charge related to income tax matters totaling \$26 million in 2008, net after-tax gains (losses) on divestments totaling \$(4) and \$26 million, respectively, in 2011 and 2009, after-tax gains totaling \$38, \$100 and \$55 million from the liquidation of LIFO inventories in 2011, 2010 and 2009, respectively, after-tax gains of \$6 and \$37 million, respectively, in 2011 and 2010 from the remeasurement of pre-acquisition equity interests to fair value upon consolidation and after-tax provisions (gains) for asset write-downs and other matters totaling \$1,560, \$65, \$407, \$(11) and \$17 million in 2011, 2010, 2009, 2008 and 2007, respectively.

**Table of Contents****Unaudited Comparative Per Unit Information of ETP and Per Share Information of Sunoco**

The following table sets forth for the periods presented (i) the historical earnings from continuing operations and book value per ETP common unit and historical ETP cash distributions, (ii) the historical earnings from continuing operations and book value per share of Sunoco common stock and historical Sunoco dividends, (iii) the unaudited pro forma earnings and book value per unit/share information after giving effect to the merger and (iv) the equivalent pro forma per unit/share attributable to 0.5245 ETP common unit that will be received for each share of Sunoco common stock in the merger.

You should read this information in conjunction with (i) the selected historical consolidated financial data included elsewhere in this document, (ii) the historical consolidated financial statements of ETP and Sunoco and related notes thereto that are incorporated by reference into this document and (iii) the unaudited pro forma financial information and related notes included elsewhere in this document. The unaudited pro forma per unit/share information does not purport to represent what the actual results of operations of ETP and Sunoco would have been had the merger been completed in another period or to project ETP's and Sunoco's results of operations that may be achieved if the merger is completed.

|  | Three Months<br>Ended<br>March 31, 2012 | Year Ended<br>December<br>31,<br>2011 |
|--|---|---------------------------------------|
| <b>Historical ETP</b>                                    |   |                                       |
| Earnings from Continuing Operations Per Unit:            |   |                                       |
| Basic  | \$ 4.36                                 | \$ 1.10                               |
| Diluted  | 4.35                                    | 1.10                                  |
| Cash distributions <sup>(1)</sup>                        | 0.89375                                 | 3.575                                 |
| Book value per unit Diluted <sup>(2)</sup>               | 28.44                                   | 24.47                                 |
| <b>Historical Sunoco</b>                                 |   |                                       |
| Earnings from Continuing Operations Per Share:           |   |                                       |
| Basic  | \$ 2.32                                 | \$ (13.64)                            |
| Diluted  | 2.31                                    | (13.64)                               |
| Cash dividends   | 0.20                                    | 0.60                                  |
| Book value per share Diluted                             | 6.77                                    | 8.36                                  |
| <b>Pro Forma Combined<sup>(3)</sup></b>                  |   |                                       |
| Earnings Per Unit/Share:                                 |   |                                       |
| Basic  | \$ 0.58                                 | \$ (1.54)                             |
| Diluted  | 0.58                                    | (1.54)                                |
| Book value per unit/share Diluted                        | 31.53                                   | 28.16                                 |
| <b>Equivalent Pro Forma Per Unit/Share<sup>(4)</sup></b> |   |                                       |
| Earnings Per Unit/Share:                                 |   |                                       |
| Basic  | \$ 0.30                                 | \$ (0.81)                             |
| Diluted  | 0.30                                    | (0.81)                                |
| Book value per unit/share Diluted                        | 16.54                                   | 14.77                                 |

(1) With respect to ETP, represents cash distributions per common unit declared and paid with respect to the period to which they relate.

(2) Represents a period end amount.

(3) The pro forma information includes the effect of the merger on the basis described in the unaudited pro forma financial statements included elsewhere in this document.

(4) Sunoco's equivalent pro forma earnings and book value amounts have been calculated by multiplying ETP's pro forma per unit amounts by the exchange ratio of 0.5245 ETP common unit.

**Table of Contents****Comparative ETP and Sunoco Per Unit/Share Market Price Data**

ETP common units are currently listed on the NYSE under the ticker symbol ETP. Sunoco common stock is currently listed on the NYSE under the ticker symbol SUN.

The following table presents closing prices for ETP common units and shares of Sunoco common stock on (i) April 27, 2012, the last trading day before the public announcement of the execution of the merger agreement and (ii) June 21, 2012, the last practicable trading day before the date of this document. This table also presents the equivalent market value per share of Sunoco common stock on April 27, 2012 and June 21, 2012. The equivalent market value per share of Sunoco common stock has been determined by multiplying the closing prices of ETP common units on those dates by, (i) in the case of the standard mix of consideration, the exchange ratio of 0.5245 of an ETP common unit and adding \$25.00, which represents the cash portion of the standard mix of consideration, and (ii) in the case of a unit election, 1.0490 ETP common units, which is the number of ETP common units into which each Sunoco share subject to the unit election would be converted assuming no proration.

Although the exchange ratios are fixed, the market prices of ETP common units and Sunoco common stock will fluctuate before the merger is completed and the market value of the merger consideration ultimately received by Sunoco shareholders who receive ETP common units as all or a portion of their merger consideration will depend on the closing price of ETP common units on the day the merger is consummated. Thus, Sunoco shareholders who receive all or a portion of their merger consideration in ETP common units will not know the exact value of the merger consideration they will receive until the closing of the merger.

|                | ETP<br>Common<br>Units | Sunoco<br>Common<br>Stock | Equivalent<br>Sunoco Value<br>per Share<br>(Assuming Unit<br>Election) | Equivalent<br>Sunoco Value<br>per Share<br>(Assuming<br>Standard Mix of<br>Consideration) |
|----------------|------------------------|---------------------------|--|---|
| April 27, 2012 | \$ 47.92               | \$ 40.91                  | \$ 50.27   | \$ 50.13  |
| June 21, 2012  | \$ 44.32               | \$ 47.35                  | \$ 46.49   | \$ 48.25  |

The tables below set forth, for the calendar quarters indicated, the high and low sale prices per ETP common unit and per share of Sunoco common stock on the NYSE. The tables also show the amount of cash distributions and cash dividends declared on ETP common units and Sunoco common stock, respectively, for the calendar quarters indicated. The information in the table below is historical only. ETP and Sunoco urge Sunoco shareholders to obtain current market quotations for ETP common units and Sunoco common stock.

| (in dollars)                                | ETP Common Units |          |                                   | Sunoco Common Stock |          |                               |
|---|------------------|----------|-----------------------------------|---------------------|----------|-------------------------------|
|   | High             | Low      | Cash<br>Distributions<br>Declared | High                | Low      | Cash<br>Dividends<br>Declared |
| <b>Fiscal Year Ended December 31, 2012</b>  |                  |          |                                   |                     |          |                               |
| Second Quarter (through June 21, 2012)      | \$ 51.00         | \$ 41.15 | (1)                               | \$ 50.89            | \$ 37.46 | \$ 0.20                       |
| First Quarter                               | 50.12            | 45.75    | \$ 0.89375                        | 42.75               | 35.39    | 0.20                          |
| <b>Fiscal Year Ending December 31, 2011</b> |                  |          |                                   |                     |          |                               |
| Fourth Quarter                              | 47.69            | 38.08    | 0.89375                           | 41.24               | 28.79    | 0.15                          |
| Third Quarter                               | 49.50            | 40.25    | 0.89375                           | 43.43               | 27.76    | 0.15                          |
| Second Quarter                              | 55.20            | 44.75    | 0.89375                           | 46.98               | 38.56    | 0.15                          |
| First Quarter                               | 55.50            | 50.31    | 0.89375                           | 46.62               | 38.42    | 0.15                          |
| <b>Fiscal Year Ended December 31, 2010</b>  |                  |          |                                   |                     |          |                               |
| Fourth Quarter                              | 52.00            | 48.01    | 0.89375                           | 41.23               | 35.72    | 0.15                          |
| Third Quarter                               | 51.95            | 44.97    | 0.89375                           | 37.96               | 32.00    | 0.15                          |
| Second Quarter                              | 49.99            | 40.06    | 0.89375                           | 36.48               | 26.93    | 0.15                          |
| First Quarter                               | 47.76            | 42.69    | 0.89375                           | 30.98               | 24.64    | 0.15                          |

(1) Cash distributions in respect of the second quarter of 2012 have not been declared or paid.



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**Table of Contents**

**RISK FACTORS**

*In addition to the other information included and incorporated by reference into this document, including the matters addressed in the section titled **Cautionary Statement Regarding Forward-Looking Statements**, you should carefully consider the following risks before deciding whether to vote for the approval and adoption of the merger agreement and the transactions contemplated thereby and before making your merger consideration election. In addition, you should read and consider the risks associated with each of the businesses of ETP and Sunoco. These risks can be found in ETP's and Sunoco's respective Annual Reports on Form 10-K for the year ended December 31, 2011, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this document. For further information regarding the documents incorporated into this document by reference, please see the section titled **Where You Can Find More Information**.*

**Risks Factors Related to the Merger**

*Because the market price of ETP common units will fluctuate, Sunoco shareholders receiving ETP common units cannot be sure of the market value of ETP common units that they will receive in the merger.*

At the time the merger is completed, Sunoco shareholders will receive, for each Sunoco common share they own as of immediately prior to the merger, a combination of \$25.00 in cash and 0.5245 of an ETP common unit. Instead of receiving this standard mix of consideration, Sunoco shareholders will have an opportunity to make either a cash election to receive \$50.00 in cash (subject to proration), or a unit election to receive 1.0490 ETP common units (subject to proration), for each Sunoco common share they own as of immediately prior to the merger. At the time that Sunoco shareholders make their election in respect of the merger consideration to be paid to them (and at the time they cast their votes regarding approval of the merger agreement and the merger), Sunoco shareholders will not know the actual market value of the ETP common units that they will receive when the merger is finally completed. The actual market value of the ETP common units, when received by Sunoco shareholders, will depend on the market value of those units on that date. This market value may be less than the value of the ETP common units on the date of the merger agreement, on the date that Sunoco shareholders vote on the merger agreement and on the date on which Sunoco shareholders make an election with respect to the type of consideration to receive in the merger. These fluctuations in the market value of ETP common units may be caused by changes in the businesses, operations, results and prospects of both ETP and Sunoco, market expectations of the likelihood that the merger will be completed and the timing of the completion, general market and economic conditions or other factors. Sunoco shareholders are urged to obtain current market quotations for ETP common units when they make their election.

*Sunoco shareholders who make a cash election or unit election may receive a form or combination of consideration different from what they elect.*

Instead of receiving the standard mix of consideration, Sunoco shareholders will have an opportunity to make either a cash election to receive \$50.00 in cash, or a unit election to receive 1.0490 ETP common units, for each Sunoco common share they own as of immediately prior to the merger. The cash and unit elections, however, will be subject to proration to ensure that the total amount of cash paid and the total number of ETP common units issued in the merger to Sunoco shareholders as a whole are equal to the total amount of cash and number of ETP common units that would have been paid and issued if all Sunoco shareholders received the standard mix of consideration. Accordingly, depending on the elections made by other Sunoco shareholders, if a Sunoco shareholder makes a unit election, such shareholder may receive a portion of consideration in the form of cash. Similarly, if a Sunoco shareholder makes a cash election, such shareholder may receive a portion of consideration in the form of ETP common units. Sunoco shareholders who elect to receive the standard mix of consideration will not be subject to proration and will receive a combination of \$25.00 in cash and 0.5245 of an ETP common unit for each Sunoco share for which such an election has been made. If a Sunoco shareholder does not submit a properly completed and signed election form to the exchange agent by the election deadline, then such shareholder will be deemed to have elected to receive the standard mix of consideration consisting of \$25.00 in cash and 0.5245 of an ETP common unit.

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## **Table of Contents**

***If you tender shares of Sunoco common stock to make an election, you will not be able to sell those shares unless you revoke your election prior to the election deadline.***

If you are a Sunoco shareholder and want to make a cash or unit election, you must deliver your stock certificates and a properly completed and signed election form to the exchange agent. The deadline for doing this is 5:00 p.m., New York time, on the twentieth day following the date on which the election form is mailed (or such other later date as ETP and Sunoco agree). You will not be able to sell any shares of Sunoco common stock that you have delivered unless you revoke your election before the deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in Sunoco common stock for any reason until you receive cash or ETP common units pursuant to the merger. In the time between delivery of your shares and the closing of the merger, the market price of Sunoco common stock or ETP common units may decrease, and you might otherwise want to sell your shares of Sunoco to gain access to cash, make other investments, or reduce the potential for a decrease in the value of your investment.

***The merger is subject to various closing conditions, and any delay in completing the merger may reduce or eliminate the benefits expected and delay the payment of the merger consideration to shareholders.***

The merger is subject to the satisfaction of a number of other conditions beyond the parties' control that may prevent, delay or otherwise materially adversely affect the completion of the transaction. These conditions include, among other things, Sunoco shareholder approval and the receipt of clearance from U.S. antitrust authorities. Sunoco and ETP cannot predict with certainty whether and when any of these conditions will be satisfied. Any delay in completing the merger could cause the combined company not to realize, or delay the realization, of some or all of the benefits that the companies expect to achieve from the transaction. In such context, the date of which Sunoco shareholders shall receive the merger consideration is also uncertain.

***Certain executive officers and directors of Sunoco have interests in the merger that are different from, or in addition to, the interests of Sunoco shareholders generally, which could have influenced their decision to support or approve the merger.***

Certain executive officers and directors of Sunoco are parties to agreements or participants in other arrangements that give them interests in the merger that may be different from, or be in addition to, your interests as a shareholder of Sunoco. You should consider these interests in voting on the merger. We have described these different interests under Proposal 1: The Merger Interests of Sunoco's Directors and Executive Officers in the Merger.

***The merger agreement limits Sunoco's ability to pursue alternatives to the merger.***

The merger agreement contains provisions that make it more difficult for Sunoco to sell its business to a party other than ETP. These provisions include the general prohibition on Sunoco soliciting any acquisition proposal (as defined in the section titled "The Merger Agreement Non-Solicitation by Sunoco") or offer for a competing transaction from a third party, and the requirement that Sunoco pay ETP a breakup fee of \$225 million or up to \$20 million of ETP's expenses if the merger agreement is terminated in specified circumstances, including in the event Sunoco terminates the merger agreement in response to an acquisition proposal from a third party it determines constitutes a superior offer. In addition, even if the Sunoco board of directors receives a superior offer, it must, prior to accepting any offer from a competing bidder, provide ETP with the opportunity to amend the merger agreement such that the third-party offer no longer constitutes a superior offer. See "The Merger Agreement Termination of the Merger Agreement" and "The Merger Agreement Breakup Fee and ETP Expenses."

The foregoing may discourage a third party that might have an interest in acquiring all or a significant part of Sunoco from considering or proposing an acquisition, even if that party were prepared to pay consideration with a higher per share value than the current proposed merger consideration. Furthermore, the breakup fee and the ETP expense reimbursement provisions may result in a potential competing acquiror proposing to pay a lower per share price to acquire Sunoco than it might otherwise have proposed to pay.

## **Table of Contents**

***The unaudited pro forma financial statements included in this document are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger.***

The unaudited pro forma financial statements contained in this document are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates, and may not be an indication of the combined company's financial condition or results of operations following the merger for several reasons. See Unaudited Pro Forma Financial Information. The actual financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the price of ETP common units after completion of the merger.

***A different set of factors and conditions affect ETP common units and could have a negative impact on the unit price.***

Upon completion of the merger, Sunoco shareholders who receive ETP common units will become equityholders in ETP. The businesses of ETP and the other companies it has acquired and may acquire in the future are different in many respects from those of Sunoco. There is a risk that various factors, conditions and developments which would not affect the price of Sunoco's common stock could negatively affect the price of ETP common units. Please see the section titled Cautionary Statement Regarding Forward-Looking Statements for a summary of some of the key factors that might affect ETP and the prices at which ETP common units may trade from time to time. Sunoco shareholders are also urged to read carefully the risk factors included in ETP's Annual Report on Form 10-K for the year ended December 31, 2011 and any subsequent Quarterly Reports on Form 10-Q, which are or will be incorporated by reference into this document.

***Pending litigation against ETP and Sunoco could result in an injunction preventing completion of the merger, the payment of damages in the event the merger is completed and/or may adversely affect the combined company's business, financial condition or results of operations following the merger.***

In connection with the merger, purported shareholders of Sunoco have filed several shareholders class action lawsuits against ETP, ETP GP, ETP LLC, Merger Sub, ETE, Sunoco and the Sunoco board of directors in the Court of Common Pleas in Philadelphia. Among other remedies, the plaintiffs seek to enjoin the merger. If a final settlement is not reached, or if a dismissal is not obtained, these lawsuits could prevent or delay completion of the merger and result in substantial costs to ETP and Sunoco, including any costs associated with the indemnification of directors. Additional lawsuits may be filed against ETP and/or Sunoco related to the merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect the combined company's business, financial condition or results of operations. See the section titled Proposal 1: The Merger Litigation Related to the Merger.

***Sunoco shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.***

Sunoco shareholders currently have the right to vote in the election of the Sunoco board of directors and other matters affecting Sunoco. When the merger occurs, each Sunoco shareholder that receives ETP common units will become a unitholder of ETP with a percentage ownership of the combined organization that is much smaller than such shareholder's percentage ownership of Sunoco. ETP unitholders are not entitled to elect the directors of ETP's general partner. In addition, ETP unitholders have only limited voting rights on matters affecting ETP's business and, therefore, limited ability to influence management's decisions regarding our business. Because of this, Sunoco shareholders will have less influence on the management and policies of ETP than they have now on the management and policies of Sunoco.



## **Table of Contents**

***ETP common units to be received by Sunoco shareholders as a result of the merger will have different rights from Sunoco common stock.***

Following completion of the merger, Sunoco shareholders who receive all or a portion of their merger consideration in ETP common units will no longer hold shares of Sunoco common stock, but will instead be unitholders of ETP. There are important differences between the rights of Sunoco shareholders and the rights of ETP unitholders. See [Comparison of Rights of Sunoco Shareholders and ETP Unitholders](#) for a discussion of the different rights associated with Sunoco common stock and ETP common units.

***If the merger agreement is terminated, under certain circumstances, Sunoco may be obligated to reimburse ETP for costs incurred related to the merger or pay a breakup fee to ETP. These costs could require Sunoco to seek loans or use Sunoco's available cash that would have otherwise been available for operations, dividends or other general corporate purposes.***

In certain circumstances, Sunoco would be responsible for reimbursing ETP for up to \$20 million in expenses related to the transaction or may be obligated to pay a breakup fee to ETP of \$225 million. If the merger agreement is terminated, the breakup fee required to be paid, if any, by Sunoco under the merger agreement may require Sunoco to seek loans or borrow amounts to enable it to pay these amounts to ETP. In either case, payment of these amounts would reduce the cash Sunoco has available for operations, dividends or other general corporate purposes. See [The Merger Agreement Breakup Fee and ETP Expenses](#).

***The failure to successfully combine the businesses of ETP and Sunoco in the expected time frame may adversely affect ETP's future results, which may adversely affect the value of the ETP common units that Sunoco shareholders would receive in the merger.***

The success of the merger will depend, in part, on the ability of ETP to realize the anticipated benefits from combining the businesses of ETP and Sunoco. To realize these anticipated benefits, ETP's and Sunoco's businesses must be successfully combined. If the combined company is not able to achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the merger.

ETP and Sunoco, including their respective subsidiaries, have operated and, until the completion of the merger, will continue to operate independently. It is possible that the integration process could result in the loss of key employees, as well as the disruption of each company's ongoing businesses or inconsistencies in their standards, controls, procedures and policies. Any or all of those occurrences could adversely affect the combined company's ability to maintain relationships with customers and employees after the merger or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of ETP and Sunoco.

***The pendency of the merger could materially adversely affect the future business and operations of Sunoco or result in a loss of Sunoco employees.***

In connection with the pending merger, it is possible that some customers, suppliers and other persons with whom Sunoco has a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationship with Sunoco as a result of the merger, which could negatively impact revenues, earnings and cash flows of Sunoco, as well as the market price of shares of Sunoco common stock, regardless of whether the merger is completed. Similarly, current and prospective employees of Sunoco may experience uncertainty about their future roles with ETP and Sunoco following completion of the merger, which may materially adversely affect the ability of Sunoco to attract and retain key employees.

## **Table of Contents**

### ***Failure to complete the merger could negatively affect the stock price of Sunoco and its future businesses and financial results.***

If the merger is not completed, the ongoing business of Sunoco may be adversely affected and Sunoco will be subject to several risks and consequences, including the following:

under the merger agreement, Sunoco may be required, under certain circumstances, to pay ETP a breakup fee of \$225 million or ETP's expenses up to \$20 million;

Sunoco will be required to pay certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, financial advisor and printing fees;

under the merger agreement, Sunoco is subject to certain restrictions on the conduct of its business prior to completing the merger which may adversely affect its ability to execute certain of its business strategies; and

matters relating to the merger may require substantial commitments of time and resources by Sunoco management, which could otherwise have been devoted to other opportunities that may have been beneficial to Sunoco as an independent company.

In addition, if the merger is not completed, Sunoco may experience negative reactions from the financial markets and from its customers and employees. Sunoco also could be subject to litigation related to any failure to complete the merger or to enforcement proceedings commenced against Sunoco to attempt to force it to perform its obligations under the merger agreement.

### **Tax Risks Related to the Merger**

#### ***Your exchange of Sunoco common stock for ETP common units may be taxable in certain circumstances.***

In general, the exchange by a Sunoco shareholder of Sunoco common stock for ETP common units is expected to qualify as an exchange to which Section 721(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Internal Revenue Code) applies, i.e., a transaction in which no gain or loss is recognized for U.S. federal income tax purposes. However, under certain circumstances, a Sunoco shareholder may recognize gain upon such exchange or upon the occurrence of certain subsequent events or transactions undertaken by ETP.

Specifically, the exchange of Sunoco common stock for ETP common units pursuant to the merger will not qualify as a transaction in which no gain or loss is recognized for U.S. federal income tax purposes if, immediately after the merger ETP were characterized, for U.S. federal income tax purposes, as (1) a partnership which would be treated as an investment company if the partnership were incorporated, or (2) a publicly traded partnership treated as a corporation. It is a condition to Sunoco's obligation to effect the merger that (1) Sunoco receive an opinion from its special counsel, Wachtell, Lipton, Rosen & Katz, to the effect that, for U.S. federal income tax purposes, the exchange of shares of Sunoco common stock for ETP common units pursuant to the merger should qualify as an exchange to which Section 721(a) of the Internal Revenue Code applies (which opinion may rely on the opinions described in clauses (2) and (3) below), (2) ETP receive an opinion from its special tax counsel, Bingham McCutchen LLP, to the effect that ETP should not be treated as an investment company under applicable provisions of the Internal Revenue Code, and (3) ETP receive an opinion from its counsel, Latham & Watkins LLP, to the effect that for U.S. federal income tax purposes, 90% of the current gross income of ETP constitutes qualifying income within the meaning of Section 7704(d) of the Internal Revenue Code and that ETP is treated as a partnership for U.S. federal income tax purposes pursuant to Section 7704(c) of the Internal Revenue Code. However, the Internal Revenue Service (which we refer to as the IRS) is not bound by any of these opinions and may disagree with their conclusions. For a more detailed discussion, please see Material U.S. Federal Income Tax Considerations.

In addition, as described below under Tax Risks Related to the Ownership and Disposition of ETP Common Units Received in the Merger, a Sunoco shareholder could be required to recognize part or all of the

**Table of Contents**

built-in gain in his shares of Sunoco common stock exchanged for ETP common units in the merger upon the occurrence of certain subsequent events or transactions undertaken by ETP.

***The merger and related transactions could trigger substantial tax liabilities for Sunoco and its shareholders.***

In January 2012, Sunoco distributed the shares of SunCoke Energy, Inc. (which we refer to as SunCoke) to Sunoco's shareholders in a transaction intended to qualify as a tax-free spin-off for U.S. federal income tax purposes (which we refer to as the Spin-Off). Prior to consummation of the Spin-Off, Sunoco received an opinion from Wachtell, Lipton, Rosen & Katz, special counsel to Sunoco, and a private letter ruling from the IRS, in each case, to the effect that the Spin-Off qualified as a transaction that is described in Sections 355(a) and Section 368(a)(1)(D) of the Internal Revenue Code. The U.S. federal income tax treatment of the Spin-Off depends, among other things, on the Spin-Off not being part of plan (or series of related transactions) pursuant to which one or more persons acquired, directly or indirectly, a 50% or greater interest in Sunoco or SunCoke, and Sunoco and SunCoke made representations in support of the tax opinion to the effect that, among other things, the Spin-Off was not part of such plan (or series of related transactions). In the event the merger were treated as part of a plan (or series of related transactions) that includes the Spin-Off, or any other requirements necessary for tax-free treatment were not satisfied, the Spin-Off would be taxable to Sunoco (and, possibly, the Sunoco shareholders) and Sunoco would recognize a substantial amount of taxable gain. Neither Sunoco nor ETP has requested a ruling from the IRS or an opinion of counsel regarding the impact of the merger on the U.S. federal income tax treatment of the Spin-Off, and there can be no assurance that the IRS will not assert that the Spin-Off is taxable as a result of the merger.

In addition, under proposed Treasury Regulations, which if finalized in their current form would be effective for the calendar year during which the merger occurs, Sunoco could be treated as redeeming a portion of the Sunoco common stock acquired by ETP pursuant to the merger in exchange for ETP Class F Units received by Sunoco pursuant to the Sunoco Logistics restructuring. In the event the proposed Treasury Regulations were finalized in a manner that applied to the merger, or the IRS were to prevail with an assertion that the principles of the proposed Treasury Regulations apply to the merger, Sunoco would recognize taxable gain to the extent that the fair market value of the assets deemed distributed in redemption of Sunoco common stock exceeded the adjusted tax basis of such assets. Such deemed redemption could also result in the receipt of a deemed distribution by ETP. Such a deemed distribution would be treated as a dividend to the extent of Sunoco's current and accumulated earnings and profits, and as a return of capital to the extent of ETP's basis in its Sunoco common stock. Any portion of the deemed distribution in excess of such basis would be treated as gain from the sale or exchange of Sunoco stock, and would be allocated to former Sunoco shareholders to the extent such gain is attributable to any built-in gain in their Sunoco common stock that was realized but not recognized as a result of the merger. For a more detailed discussion, please see Material U.S. Federal Income Tax Considerations.

**Tax Risks Related to the Ownership and Disposition of ETP Common Units Received in the Merger*****ETP may engage in transactions that cause you to be subject to taxation in a manner different from that applicable to other holders of ETP common units.***

A former Sunoco shareholder could be required to recognize part or all of the built-in gain in his shares of Sunoco common stock exchanged for ETP common units pursuant to the merger if ETP (1) sells or otherwise disposes of, or is considered to sell or otherwise to dispose of, in a taxable transaction at any time following the merger, such shares of Sunoco common stock, (2) distributes such shares of Sunoco common stock acquired from such Sunoco shareholder to another ETP unitholder within seven years following the merger, (3) distributes any property (other than money or shares of Sunoco common stock acquired from such Sunoco shareholder) to such former Sunoco shareholder who became a ETP unitholder as a result of the merger within seven years of the merger, or (4) makes any distribution (other than an operating cash flow distribution) to such former Sunoco shareholder within two years following the merger. For a more detailed discussion, please see Material U.S. Federal Income Tax Considerations.

**Table of Contents**

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This document includes forward-looking statements about ETP and Sunoco that are subject to risks and uncertainties. All statements other than statements of historical fact included in this document are forward-looking statements. Statements using words such as anticipate, believe, intend, project, plan, expect, continue, estimate, goal, forecast, may, will, or similar expressions help identify forward-looking

Except for their respective obligations to disclose material information under U.S. federal securities laws, neither ETP nor Sunoco undertakes any obligation to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of this document, or to report the occurrence of unanticipated events.

Forward-looking statements involve a number of risks and uncertainties, and actual results or events may differ materially from those projected or implied in those statements. Important factors that could cause such differences include, but are not limited to:

the matters described in the section titled Risk Factors;

cyclical or other downturns in demand;

adverse changes in economic or industry conditions;

changes in the securities and capital markets;

changes affecting customers or suppliers;

changes in laws or regulations, third-party relations and approvals, and decisions of courts, regulators and/or governmental bodies;

effects of competition;

developments in and losses resulting from claims and litigation;

changes in operating conditions and costs;

the extent of ETP's or Sunoco's ability to achieve their respective operational and financial goals and initiatives; and

ETP's continued taxation as a partnership and not as a corporation.

In addition, the acquisition of Sunoco by ETP is subject to the satisfaction of the conditions to the completion of the merger and the absence of events that could give rise to the termination of the merger agreement, the possibility that the merger does not close, risks that the proposed acquisition disrupts current plans and operations and business relationships or poses difficulties in attracting or retaining employees, the possibility that the costs or difficulties related to the integration of the two companies will be greater than expected and the possibility that the anticipated benefits from the merger cannot or will not be fully realized.

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All written and oral forward-looking statements attributable to ETP or Sunoco or persons acting on behalf of ETP or Sunoco are expressly qualified in their entirety by such factors. For additional information with respect to these factors, please see the section entitled [Where You Can Find More Information](#).

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**Table of Contents**

**INFORMATION ABOUT THE COMPANIES**

**Energy Transfer Partners, L.P.**

ETP, a Delaware limited partnership is one of the largest publicly traded master limited partnerships in the United States in terms of equity market capitalization (approximately \$10.77 billion as of March 31, 2012). ETP is managed by its general partner, ETP GP, and ETP GP is managed by its general partner, ETP LLC, which is owned by ETE, another publicly traded master limited partnership. ETP LLC is ultimately responsible for the business and operations of ETP GP and conducts ETP's business and operations, and the board of directors and officers of ETP LLC make decisions on ETP's behalf.

The activities in which ETP is engaged, all of which are in the United States, and the wholly owned operating subsidiaries through which ETP conducts those activities are as follows:

natural gas operations, including the following:

natural gas midstream and intrastate transportation and storage through La Grange Acquisition, L.P., which conducts business under the assumed name of Energy Transfer Company; and

interstate natural gas transportation services through Energy Transfer Interstate Holdings, LLC, which is the parent company of Transwestern Pipeline Company, LLC, ETC Fayetteville Express Pipeline, LLC, ETC Tiger Pipeline, LLC and CrossCountry;

NGL transportation, storage and fractionation services primarily through Lone Star;

retail propane through HOLP and Titan, both of which were contributed to AmeriGas in January 2012; and

other operations, including natural gas compression services.

ETP's executive offices are located at 3738 Oak Lawn Avenue, Dallas, Texas 75219. Its telephone number is (214) 981-0700.

**Sam Acquisition Corporation**

Merger Sub, a Pennsylvania corporation, is a subsidiary of ETP that was formed solely in contemplation of the transactions, has not commenced any operations, has only nominal assets and has no liabilities or contingent liabilities, nor any outstanding commitments other than as set forth in the merger agreement. Merger Sub is the successor in interest to Sam Acquisition Corporation, a Delaware corporation that is the entity that executed the merger agreement. On [REDACTED], 2012, the Delaware Sam Acquisition Corporation merged with and into Merger Sub with Merger Sub as the surviving corporation, and Merger Sub assumed all of the Delaware Sam Acquisition Corporation's obligation under the merger agreement. Other than as set forth in this document, Merger Sub has not incurred any obligations, engaged in any business activities or entered into any agreements or arrangements with any third parties other than the merger agreement. Merger Sub's principal executive offices are located at 3738 Oak Lawn Avenue, Dallas, Texas 75219, and its telephone number is 214-981-0700.

**Sunoco, Inc.**

Sunoco was incorporated in Pennsylvania in 1971. It or its predecessors have been active in the petroleum industry since 1886. Its principal executive offices are located at 1818 Market Street, Suite 1500, Philadelphia, Pennsylvania 19103. Its telephone number is (215) 977-3000.

Sunoco, through its subsidiaries, conducted its operations as a petroleum refiner and marketer and chemicals manufacturer with interests in logistics and cokemaking during most of 2011. The refining, marketing, logistics and chemicals operations were conducted principally in the

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eastern half of the United States and the cokemaking operations were conducted in Virginia, Indiana, Ohio, Illinois, and Vitória, Brazil. During 2011 and the early part

## **Table of Contents**

of 2012, Sunoco carried out several strategic actions in executing its fundamental shift away from manufacturing, including disposing of its phenol, acetone and polypropylene chemicals facilities and completing the spin-off of SunCoke.

Sunoco's operations are organized into three business segments (Logistics, Retail Marketing and Refining and Supply) in addition to a holding company and a professional services group. Sunoco is a non-operating parent company which includes certain corporate officers.

Sunoco owns, principally through Sunoco Logistics (a master limited partnership), a geographically diverse and complementary group of pipelines, terminal facilities which transport, terminal and store refined products and crude oil, and crude oil and refined products acquisition and marketing assets. Sunoco owns a 2% general partner interest, all of the incentive distribution rights, and a 32.4% limited partner interest in Sunoco Logistics.

Sunoco markets gasoline and middle distillates, and offers a broad range of convenience store merchandise, through a network of over 4,900 retail outlets in 23 states primarily on the east coast and in the Midwest United States.

Sunoco currently owns two refineries which are located in Philadelphia and Marcus Hook, Pennsylvania. The Philadelphia refinery produces fuels and certain commodity petrochemicals. During 2011, Sunoco completed the sale of its Toledo refinery and indefinitely idled the main processing units at its Marcus Hook refinery.

### **Southern Union Company**

Southern Union, a Delaware corporation formed in 1932, is an indirect wholly owned subsidiary of ETE that owns and operates assets in the regulated and unregulated natural gas industry and is primarily engaged in the gathering, processing, transportation, storage and distribution of natural gas in the United States. Southern Union's operations include the following:

transportation and storage operations conducted through Panhandle Eastern Pipe Line Company, LP and its subsidiaries;

gathering, treating, processing and redelivery of natural gas and NGL in Texas and New Mexico through its subsidiary, Southern Union Gas Services; and

the local distribution of natural gas in Missouri and Massachusetts through Southern Union's operating divisions: Missouri Gas Energy and New England Gas Company.

As a result of the Holdco restructuring, immediately following the closing of the merger, ETP will indirectly own 40% of Southern Union's capital stock. Southern Union's principal executive offices are located at 5051 Westheimer Road, Houston, Texas 77056, and its telephone number is 713-989-2000.

### **ETP Holdco Corporation**

Holdco is a Delaware corporation and indirect wholly owned subsidiary of ETP. Holdco has not carried on any activities to date, other than activities incidental to its formation or undertaken in connection with the transactions contemplated by the Holdco restructuring. Immediately following the closing of the merger and the Sunoco Logistics restructuring, (i) ETE will contribute its interest in Southern Union to Holdco in exchange for a 60% equity interest in Holdco and (ii) ETP will contribute Sunoco to Holdco and will retain a 40% equity interest in Holdco. ETP will have the right to appoint a majority of Holdco's directors following the Holdco restructuring.

Holdco's principal executive offices are located at 3738 Oak Lawn Avenue, Dallas, Texas 75219, and its telephone number is 214-981-0700.



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**Table of Contents**

**SPECIAL MEETING OF SUNOCO SHAREHOLDERS**

This section contains information about the special meeting of Sunoco shareholders that has been called, among other reasons, to approve and adopt the merger agreement and the transactions contemplated thereby, and to approve, on an advisory (non-binding) basis, specified compensation that may be received by Sunoco's named executive officers in connection with the merger. This document is being furnished to Sunoco shareholders in connection with the solicitation of proxies by the Sunoco board of directors to be used at the special meeting. Sunoco is first mailing this document and enclosed proxy card on or about \_\_\_\_\_, 2012.

**Date, Time and Place of the Special Meeting**

A special meeting of Sunoco shareholders will be held at \_\_\_\_\_ on \_\_\_\_\_, 2012, starting at \_\_\_\_\_, local time (unless it is adjourned or postponed to a later date).

**Admission to the Special Meeting**

All Sunoco shareholders are invited to attend the special meeting. Persons who are not Sunoco shareholders may attend only if invited by Sunoco. If you own shares in \_\_\_\_\_ street or nominee name, you must bring proof of ownership (e.g., a current broker's statement) in order to be admitted to the special meeting.

**Purpose of the Special Meeting**

1. To consider and vote upon a proposal to approve and adopt the merger agreement and the transactions contemplated thereby;
2. To consider and cast an advisory (non-binding) vote on specified compensation that may be received by Sunoco's named executive officers in connection with the merger;
3. To consider and vote upon any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement and the transactions contemplated thereby; and
4. To transact such other business as may properly come before the special meeting and any adjournment or postponement thereof (at the present time, Sunoco knows of no other matters that will be presented for consideration at the special meeting).

**Recommendation of the Sunoco Board of Directors**

The Sunoco board of directors has unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are in the best interests of Sunoco and its shareholders, and recommends that the Sunoco shareholders vote to approve and adopt the merger agreement and the transactions contemplated thereby. In addition, the Sunoco board of directors recommends that the Sunoco shareholders vote to approve, on an advisory (non-binding) basis, specified compensation that may be received by Sunoco's named executive officers in connection with the merger and to approve any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement and the transactions contemplated thereby.

Sunoco shareholders should carefully read this document in its entirety for more detailed information concerning the merger agreement and the transactions contemplated thereby. In particular, Sunoco shareholders are directed to the merger agreement, which is attached hereto as Annex A.

**Record Date; Shareholders Entitled to Vote; Outstanding Shares Held**

The Sunoco board of directors has designated the close of business on \_\_\_\_\_, 2012 as the record date that will determine the shareholders who are entitled to receive notice of, and to vote at, the special meeting



## **Table of Contents**

or at any adjournment or postponement of the special meeting. Only holders of record at the close of business on the record date are entitled to vote at the special meeting. At the close of business on the record date, there were \_\_\_\_\_ shares of common stock outstanding, held by approximately \_\_\_\_\_ holders of record. Each holder of Sunoco shares is entitled to one vote per share of common stock held.

### **Quorum**

A quorum is the presence in person or by proxy, of shareholders entitled to cast a majority of the votes which all shareholders are entitled to cast at the meeting. There must be a quorum for the meeting to be held. If you submit a timely, properly executed proxy or vote instruction card, then you will be considered part of the quorum so long as your shares are voted on at least one item of business, other than a procedural motion.

### **Abstentions**

Abstentions are not counted in the tally of votes for or against a proposal. Abstentions are counted as shares present and entitled to be voted.

### **Broker Non-Votes**

Under the rules that govern brokers who have record ownership of shares that they hold in street name for their clients who are the beneficial owners of the shares, brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. Broker non-votes occur when shares held by a broker are not voted with respect to a proposal because (1) the broker has not received voting instructions from the beneficial owner, and (2) the broker lacks the authority to vote the shares at his or her discretion. If the broker does not receive instructions on how to vote a shareholder's shares, the broker will have discretion to vote the shares on routine matters. The broker will not have discretion to vote on non-routine matters absent direction from the shareholder, including the merger proposal and the advisory proposal. If a broker has authority to vote the shares at his or her discretion without voting instructions from the shareholder on a matter, and the broker votes the shares on the matter and the matter is not a procedural motion, the shares will be deemed present during the entire meeting for purposes of determining whether a quorum is present for consideration of any other matter.

### **Required Vote**

The merger agreement must be approved and adopted by the affirmative vote of holders of a majority of the votes cast by all shareholders entitled to vote on the proposal at the special meeting. Abstentions and broker non-votes will have no effect on the outcome of the vote on the merger.

Approval of the advisory vote on specified compensation that may be received by Sunoco's named executive officers in connection with the merger requires the affirmative vote of shareholders entitled to vote and casting a majority of the votes at the special meeting. Abstentions and broker non-votes will have no effect on the outcome of the advisory vote.

Any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement requires the affirmative vote of the holders of a majority of the Sunoco shares having voting power represented at the special meeting in person or by proxy and entitled to vote. Abstentions will be the equivalent of a vote against a proposal to adjourn the special meeting, while broker non-votes will have no effect on the outcome of the adjournment vote.

### **Shares Beneficially Owned by Directors and Executive Officers**

The members of the Sunoco board of directors and executive officers of Sunoco beneficially owned an aggregate of 480,269 Sunoco shares as of June 19, 2012. These shares represent in total approximately 0.46% of the total voting power of Sunoco's voting securities.

## **Table of Contents**

### **Proxies**

You may vote in person by ballot at the special meeting or by submitting a proxy. Please submit your proxy even if you plan to attend the special meeting. If you attend the special meeting, you may vote by ballot, thereby canceling any proxy previously given.

Voting instructions are included on your proxy card. If you properly give your proxy and submit it to Sunoco in time for it to be voted, one of the individuals named as your proxy will vote your shares as you have directed. You may vote for or against the proposals or abstain from voting.

### **Shares Held in Street Name**

If you hold Sunoco shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee when voting your Sunoco shares or when granting or revoking a proxy.

Absent specific instructions from you, your broker is not empowered to vote your Sunoco shares. The shares not voted because brokers lack power to vote them without instructions are also known as broker non-votes.

### **Shares Held in SunCAP**

If your Sunoco shares are held in custody for your account by Vanguard, as trustee for SunCAP, you may vote by instructing Vanguard how to vote your shares pursuant to the voting instruction card that is mailed to you with this proxy statement. If you do not provide voting instructions, or provide unclear voting instructions, then Vanguard will vote the shares in your SunCAP account in proportion to the way the shares of Sunoco common stock are voted by the other SunCAP participants. Voting instructions from SunCAP participants are maintained in the strictest confidence and will not be disclosed to Sunoco except for limited circumstances.

### **How to Submit Your Proxy**

*By Mail:* To submit your proxy by mail, simply mark your proxy, date and sign it, and if you are a record holder of Sunoco shares, return it in the postage-paid envelope provided. If the envelope is missing, please address your completed proxy card to the address on your proxy card. If you are a beneficial owner, please refer to your instruction card or the information provided to you by your bank, broker, custodian or record holder.

*By Telephone:* If you are a Sunoco shareholder of record, you can submit your proxy by telephone by calling the toll-free telephone number on your proxy card. Telephone voting is available 24 hours a day and will be accessible until 12:00 a.m. Eastern time on \_\_\_\_\_, 2012. Easy-to-follow voice prompts allow you to submit your proxy and confirm that your instructions have been properly recorded. If you are a beneficial owner, please refer to your instruction card or the information provided by your bank, broker, custodian or record holder for information on whether telephone voting is offered. If you submit your proxy by telephone you do not need to return your proxy card. If you are located outside the United States, Canada and Puerto Rico, please read your proxy card or other materials for additional instructions.

*By Internet:* You can also choose to submit your proxy on the internet. If you are a Sunoco shareholder of record, the website for internet voting is on your proxy card. Internet voting is available 24 hours a day and will be accessible until 12:00 a.m. Eastern time on \_\_\_\_\_, 2012. If you are a beneficial owner, please refer to your instruction card or the information provided by your bank, broker, custodian or record holder for information on whether internet voting is offered. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. If you submit your proxy on the internet, you do not need to return your proxy card.

## **Table of Contents**

*In Person:* If you are a Sunoco shareholder of record, you may vote by ballot at the special meeting or send a representative with an acceptable proxy that has been signed and dated. If your Sunoco shares are held in the name of a bank, broker or other nominee, you must obtain a proxy, executed in your favor, from the holder of record, to be able to vote at the special meeting.

### **Revoking Your Proxy**

If you submit a completed proxy card with instructions on how to vote your Sunoco shares and then wish to revoke your instructions, you should submit a notice of revocation to the Secretary of Sunoco as soon as possible. You may revoke your proxy by internet, telephone or mail at any time before it is voted by:

timely delivery of a valid, later-dated proxy or timely submission of a later-dated proxy by telephone or internet;

written notice to the Secretary of Sunoco before the special meeting that you have revoked your proxy; or

voting by ballot at the special meeting.

### **Adjournments and Postponements**

Any adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the proposal to approve and adopt the merger agreement requires the affirmative vote of the holders of shares entitled to cast a majority of the votes present or represented at the special meeting in person or by proxy. Unless the Sunoco board of directors fixes a new record date for the adjourned special meeting, or law otherwise requires, no notice of the adjourned special meeting will be given so long as the time and place to which the special meeting is adjourned are announced at the special meeting adjourning and, at the adjourned special meeting only such business is transacted as might have been transacted at the original special meeting.

In addition, at any time prior to convening the special meeting, the special meeting may be postponed without the approval of Sunoco shareholders. If postponed, Sunoco will publicly announce the new meeting date. Similar to adjournments, any postponement of the special meeting for the purpose of soliciting additional proxies will allow Sunoco shareholders who have already sent in their proxies to revoke them at any time prior to their use.

### **Proxy Solicitation**

ETP and Sunoco will each bear their own costs related to the merger and the retention of any information agent or other service provider in connection with the merger, except for the expenses incurred in connection with the filing, printing and mailing of this document which will be shared equally. This proxy solicitation is being made by Sunoco on behalf of the Sunoco board of directors. Sunoco has hired Morrow & Co. to assist in the solicitation of proxies. In addition to this mailing, proxies may be solicited by directors, officers or employees of Sunoco or its affiliates in person or by telephone or electronic transmission. None of the directors, officers or employees will be directly compensated for such services.

### **Other Business**

The Sunoco board of directors is not currently aware of any business to be acted upon at the special meeting other than the matters described in this document. If, however, other matters are properly brought before the special meeting, the persons appointed as proxies will have discretion to vote or act on those matters as in their judgment is in the best interest of Sunoco and its shareholders.

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**Table of Contents**

**PROPOSAL 1: THE MERGER**

**Background of the Merger**

The board of directors and management of Sunoco have periodically evaluated and considered a variety of financial and strategic opportunities as part of their long-term strategy to maximize shareholder value. As part of this ongoing strategic review, Sunoco carried out several strategic actions beginning in 2009 aimed at focusing Sunoco on its core and most profitable businesses. During 2009, Sunoco permanently idled its refinery in Westville, New Jersey (known as Eagle Point) in response to weak demand and sold its refinery located in Tulsa, Oklahoma. In March 2010, Sunoco sold its polypropylene chemicals business and in July 2011 and October 2011, sold two of its phenol and acetone chemicals manufacturing facilities. On June 16, 2010, Sunoco announced that it planned to separate its metallurgical coke-making and coal mining business from the remainder of its businesses. This separation was accomplished through an initial public offering of approximately 19% of the outstanding common stock of SunCoke on July 21, 2011 and a subsequent tax-free distribution of the remaining 81% of SunCoke common stock by way of a dividend declared on December 1, 2011 and made on January 17, 2012. Finally, on September 6, 2011, Sunoco publicly announced that it also planned to exit its refining business, and that it was conducting a comprehensive strategic review of the company to determine the best way to deliver value to shareholders.

Throughout the middle of 2011, while Sunoco was conducting its strategic review to focus on its core and most profitable businesses, three private equity firms approached members of Sunoco management about acquiring some or all of the refining business of Sunoco and possibly Sunoco in its entirety. Sunoco executed a confidentiality agreement with each of these private equity firms to provide due diligence information about all or specific businesses of Sunoco. Following their review of the due diligence information, none of the private equity firms expressed any interest in pursuing an acquisition of Sunoco in its entirety.

Following the spin-off of SunCoke and the announced exit of the refining business, on January 20, 2012, the financial advisor to a company that is a large petroleum refiner, marketer and transporter, which we refer to as Company A, approached Ms. Lynn Elsenhans, who was then chairman, president and chief executive officer of Sunoco, and Mr. Brian MacDonald, who was then senior vice president and chief financial officer of Sunoco, about a potential merger transaction between Company A and Sunoco. The financial advisor to Company A explained that there would be several pre-conditions to any merger discussions, including that Sunoco would be required to shut down its refining business, and that Company A would only issue stock in the transaction with Sunoco making a cash dividend to its shareholders from its cash and available borrowings. At the meeting, the financial advisor to Company A suggested a price for the transaction in line with Sunoco's current trading price without any premium. Ms. Elsenhans and Mr. MacDonald noted that they would discuss Company A's interest in a potential transaction with the Sunoco board of directors.

Following the January 20, 2012 meeting, the respective financial advisors of Sunoco and Company A held several phone conversations in which they continued to discuss the pre-conditions Company A's financial advisor had set forth for a transaction between Sunoco and Company A. At the direction of Sunoco's management, representatives from Credit Suisse, Sunoco's financial advisor, indicated that Sunoco's board of directors was unlikely to accept a low- or no-premium proposal.

On February 2, 2012, Sunoco announced that Mr. MacDonald would become president, chief executive officer and a director of Sunoco, effective March 1, 2012, and that Ms. Elsenhans would resign as chief executive officer and president at that time. In addition, Ms. Elsenhans would remain chairman of Sunoco and Sunoco Logistics until Sunoco's annual meeting of shareholders in May 2012, at which time Mr. MacDonald would become chairman of Sunoco and Sunoco Logistics.

Following up on the January 20, 2012 conversation between representatives of management from Sunoco and the financial advisor to Company A, on February 8, 2012, Mr. MacDonald met with the chief executive

**Table of Contents**

officer of Company A at an industry conference organized by Credit Suisse held in Vail, Colorado. At the meeting, the chief executive officer of Company A confirmed an interest in a possible merger between Company A and Sunoco and discussed the strategic fit between Sunoco and Company A. They also discussed the governance of the combined company and Company A's intent to relocate substantial operations from the Philadelphia area if a transaction were to occur. The chief executive officer of Company A did not propose any price for the transaction. Mr. MacDonald again stated that he would discuss Company A's interest in a potential transaction with the Sunoco board of directors.

On February 28, 2012, Mr. Kelcy Warren, the chairman of the board of ETE's general partner and chief executive officer and chairman of the board of ETP's general partner, and Mr. John McReynolds, the president and chief financial officer of ETE's general partner and a former director of ETP, set up a meeting with Ms. Elsenhans and Mr. MacDonald and members of management of an operator of a chain of convenience stores and gas stations to discuss the possibility of a strategic venture involving ETE, Sunoco and such operator. During the meeting, Mr. Warren asked if Sunoco would be open to considering a transaction whereby ETE or one of its affiliates would acquire Sunoco. Mr. Warren did not propose any price for the transaction at that time, but Ms. Elsenhans and Mr. MacDonald indicated that they would discuss ETE's interest in a potential transaction with the Sunoco board of directors.

On March 1, 2012, which Mr. MacDonald understood was on or about the date of a meeting of Company A's board of directors, the chief executive officer of Company A called Mr. MacDonald to reiterate Company A's interest in pursuing a potential transaction with Sunoco.

Also on March 1, 2012, the Sunoco board of directors held a regularly scheduled meeting. At the request of the Sunoco board of directors, representatives from Credit Suisse and Sunoco's outside legal counsel, Wachtell, Lipton, Rosen & Katz (Wachtell Lipton) were also in attendance. At the meeting, Ms. Elsenhans and Mr. MacDonald informed the Sunoco board of directors about the meetings between Sunoco and each of Company A and ETE and the potential transactions discussed at those meetings. Ms. Elsenhans and Mr. MacDonald also described the lack of interest from the private equity firms that had previously approached Sunoco about a transaction involving the entire company, and, with the assistance of management and representatives of Credit Suisse, Sunoco's board of directors discussed other potential transaction partners. After discussion, the Sunoco board of directors agreed that management should pursue discussions with both Company A and ETE regarding a potential transaction to determine whether either of them would set forth a proposal that could be evaluated by the Sunoco board of directors.

In order to facilitate discussions regarding a potential transaction, Sunoco and ETE entered into a mutual confidentiality agreement which included a mutual standstill provision on March 5, 2012, with the intention of expanding the information available for the due diligence investigation of each company. For the same purpose, Sunoco also entered into a mutual confidentiality agreement with Company A on March 6, 2012, which also included a mutual standstill.

On March 9, 2012, Mr. MacDonald and Mr. Michael Hennigan, the president and chief operating officer of Sunoco Logistics (now the chief executive officer of Sunoco Logistics) met with members of ETE's management in Dallas, Texas to discuss a potential transaction. At that meeting, Messrs. MacDonald and Hennigan presented information about Sunoco, including its businesses, assets, financial results, management, past strategic actions, operating philosophy and strategic outlook. Following the presentation, members of Sunoco's management answered questions and discussed the company with the management of ETE.

On March 14, 2012, Company A sent Sunoco a preliminary business, accounting and legal due diligence request list, and Sunoco began to assemble documents responsive to Company A's requests.

On March 16, 2012, Mr. MacDonald and other executives from Sunoco, management from Company A and their respective financial advisors held a meeting in Detroit, Michigan, at which Sunoco provided a similar management presentation as had been given to ETE.

**Table of Contents**

On March 19, 2012, the Sunoco board of directors held a telephonic meeting. At the request of the Sunoco board of directors, representatives from Credit Suisse and Wachtell Lipton were also in attendance. At this meeting, Mr. MacDonald summarized the March 16 meeting with Company A. Mr. MacDonald also provided a summary of the meeting with ETE in Dallas and updated the board on the status of discussions and developments in that potential transaction. Mr. MacDonald noted that Sunoco was preparing to provide due diligence materials to each of ETE and Company A so that each of those companies would be in a position to develop and present an offer to acquire Sunoco.

On March 22, 2012, Mr. McReynolds sent a letter on behalf of ETE to Mr. MacDonald proposing a business combination between ETE and Sunoco. The letter stated that the proposed transaction would involve the acquisition of Sunoco by ETE, and, in the transaction, Sunoco shareholders would receive consideration representing a 20% premium to the closing price of Sunoco's common stock on March 22, 2012, which represented approximately \$46.40 per share. The consideration would consist of 45% of cash and 55% of ETE common units. The letter also proposed that the parties enter into an exclusivity agreement for a term of 15 days while each party performed mutual due diligence and negotiated the terms of a definitive agreement. No exclusivity agreement was ever executed.

Also, on March 22, 2012, Mr. MacDonald had a telephone call with the chief executive officer of Company A. On the call, the chief executive officer of Company A continued to express an interest in a transaction involving Company A and Sunoco, and proposed working toward a transaction that could be presented to Company A's board of directors at its next meeting in April. To that end, the chief executive officer of Company A suggested that Sunoco and Company A enter into a term sheet outlining the terms of a potential transaction, and noted that Company A could complete its due diligence within four to six weeks after reaching agreement on a term sheet containing the principal terms for a transaction. On the same day, Sunoco provided Company A with access to a data room containing legal, financial, environmental and accounting information about Sunoco, including financial projections, to assist Company A in its due diligence review.

On March 23, 2012, Sunoco provided data room access to ETE and its advisors to facilitate ETE's due diligence review of Sunoco.

On March 24, 2012, ETE's advisor sent Sunoco a preliminary business, accounting and legal due diligence request list, and Sunoco began to assemble documents responsive to ETE's requests. Throughout the following weeks, Sunoco and, at its request, Credit Suisse continued to be responsive to due diligence requests and provide additional information about Sunoco to both Company A and ETE and their respective advisors.

On March 26, 2012, the Sunoco board of directors held a telephonic meeting. At the request of the Sunoco board of directors, members of Sunoco management and representatives from Credit Suisse and Wachtell Lipton were also in attendance. During the meeting, the Sunoco board of directors reviewed the March 22 letter from ETE. Representatives of Credit Suisse provided the Sunoco board of directors with a summary of the principal financial terms of ETE's proposal as set forth in the March 22 letter and an overview of ETE's business, structure and financial condition. The Sunoco board of directors, with the assistance of Sunoco management and Sunoco's legal and financial advisors, discussed various potential legal, financial and business implications of the proposed transaction. The Sunoco board of directors, management and advisors also reviewed ETE's acquisition history and, in particular, ETE's pending acquisition of Southern Union. At the same March 26 meeting, the Sunoco board of directors also discussed the status of discussions with Company A, including the March 22 telephone call between Mr. MacDonald and the chief executive officer of Company A. In addition, the Sunoco board of directors, management, and financial and legal advisors also reviewed additional potential strategic alternatives and transactions that they could pursue to maximize shareholder value.

On March 27, 2012, members of management of Sunoco and ETE and representatives of their respective advisors met in Dallas, Texas to discuss the potential business combination transaction and to conduct due diligence on each other's respective businesses, including environmental due diligence. During the meetings in



**Table of Contents**

Dallas, members of Sunoco management provided information regarding Sunoco's retail and marketing business and additional due diligence information. Representatives from Sunoco and ETE also discussed what further due diligence was needed, and discussed a plan to address the remaining issues and have additional information provided in the data room.

On March 28, 2012, Messrs. Hennigan and MacDonald met with members of ETE's management in Dallas, Texas and provided information to ETE on the Sunoco Logistics business, and ETE provided information on its business to Messrs. MacDonald and Hennigan as part of Sunoco's due diligence.

Also on March 28, 2012, Mr. MacDonald had a telephone call with the chief executive officer of Company A, during which they discussed the status of discussions and diligence reviews regarding a potential transaction and the steps necessary for Company A to make an offer to Sunoco. During that call, Mr. MacDonald told the chief executive officer of Company A that Sunoco had received an indication of interest from another party and advised that Company A should proceed on a more expedited basis than Company A had originally indicated it would.

On March 30, 2012, Mr. Warren sent Mr. MacDonald an email that included an analysis by ETE's and ETP's outside counsel regarding the structuring of the potential transaction in order to maximize the tax benefits of the master limited partnership structure for ETE, ETP and Sunoco Logistics.

On March 31, 2012, Mr. McReynolds sent Mr. MacDonald an email that described the current issues that ETE was working through regarding its valuation and noting that substantial progress had been made in ETE's due diligence review. Mr. McReynolds wrote that based on the analysis done so far, he expected that ETE could increase the value of its indication of interest to acquire Sunoco.

On April 2, 2012, the Sunoco board of directors held a telephonic meeting. At the request of the Sunoco board of directors, members of Sunoco management and representatives from Credit Suisse and Wachtell Lipton were also in attendance. At the meeting, Mr. MacDonald provided an update on the status of each of the potential transactions with ETE and Company A, and discussed the meetings in Dallas with ETE.

On April 5, 2012, at the request of the Sunoco management, representatives of Credit Suisse met with representatives of Company A's financial advisors. During the meeting, Company A's financial advisors presented their financial analysis of Sunoco and outlined a potential acquisition of Sunoco by Company A. The financial analysis prepared by Company A's financial advisor, which was based on a no or low premium transaction, differed significantly from Sunoco management's view of the potential financial implications of a transaction with Company A.

On April 9, 2012, Mr. MacDonald met with the chief executive officer of Company A in Philadelphia, Pennsylvania. At that meeting, the chief executive officer of Company A proposed to Mr. MacDonald a transaction in which Sunoco shareholders would receive a \$2.0 billion special cash dividend from Sunoco and Company A would acquire all of Sunoco's stock in exchange for Company A equity. In the proposed transaction, there would be no premium provided to the Sunoco shareholders. The analysis presented from Company A showed lower synergies, lower profitability from the retail business and higher environmental risks and costs than the estimates that Sunoco had presented to Company A. The chief executive officer of Company A also expressed concerns about the scope of Sunoco's potential environmental liabilities. In response, Mr. MacDonald informed the chief executive officer of Company A that the Sunoco board of directors would likely view Company A's proposed transaction consideration as inadequate, but that he would present the proposal to the Sunoco board of directors. At that time, the chief executive officer of Company A made no indication that he would be willing to provide a premium to Sunoco's shareholders or otherwise increase the consideration that Company A was prepared to offer to the Sunoco shareholders.

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**Table of Contents**

On April 10, 2012, members of management of Sunoco and ETE and representatives of their respective advisors again met in Dallas, Texas with additional representatives from the parties joining via teleconference. During the April 10 meeting, management of Sunoco conducted diligence on ETE, ETP and Regency Energy Partners LP, another master limited partnership whose general partner is controlled by ETE. During a series of one-on-one discussions, Mr. MacDonald and Mr. Warren discussed an alternative proposal for a business combination transaction. Mr. Warren's new proposal contemplated that ETP (rather than ETE) would acquire Sunoco at a premium of 25% based on the closing price of Sunoco shares on that day, which represented approximately \$47 per share. Mr. Warren explained that the equity portion of the merger consideration would consist of ETP common units (rather than ETE common units), and that the use of ETP common units was consistent with the long-term strategy of keeping ETE as a holding company. The mix of consideration would also change and would now consist of 50% of cash and 50% of ETP common units (compared to 45% of cash and 55% of ETE common units previously proposed). Mr. Warren also provided that the transaction would be conditioned on the successful sale of, or a joint venture involving, Sunoco's Philadelphia refinery. Mr. Warren said that ETE would be willing to proceed with its original indication of interest using ETE common units if that were preferable to Sunoco, but that the use of ETE common units would result in a lower premium to the Sunoco shareholders than would be the case if ETP common units were used for the equity portion of the merger consideration due to a recent decline in the trading price for ETE common units. After discussion, Mr. MacDonald advised Mr. Warren that, although the new proposal using ETP equity represented an increase in the proposed price, it still did not provide sufficient value for Sunoco's shareholders and that the condition on the sale of the Philadelphia refinery was unacceptable. After continued negotiations, Mr. Warren agreed to raise ETP's proposed price to \$50 per Sunoco share, which represented a premium of approximately 33% based on the closing price of Sunoco shares on April 10, 2012. Mr. Warren also agreed to remove the condition that the sale of Sunoco's Philadelphia refinery be completed before the merger could be closed. Mr. Warren and Mr. MacDonald also discussed that, as part of the transaction, ETE would agree to waive a portion of its incentive distribution rights from ETP for a period of time in order to make the transaction more beneficial to ETP unitholders, because Sunoco shareholders would become ETP unitholders as a result of the merger. The precise value and timing of the waiver would be subject to negotiation between ETE and an independent committee of the ETP board of directors.

Later in that same meeting on April 10, 2012, on behalf of ETP, Mr. Warren provided a letter to Mr. MacDonald setting forth the terms of the offer that had been discussed at the Dallas meeting. In addition to the financial terms of the proposal, which were consistent with those discussed earlier that day, the letter noted that the proposal was based on ETP's assumption that Sunoco's Marcus Hook refinery continues to operate as a terminal facility and the satisfactory completion of ETP's due diligence. ETP also noted that its proposal was subject to: negotiation of mutually acceptable agreements related to the transaction; affirmation of ETP's current credit ratings by the rating agencies; and approval by ETP's board of directors.

On April 11, 2012, the Sunoco board of directors held a telephonic meeting. At the request of the Sunoco board of directors, members of Sunoco management and representatives from Credit Suisse and Wachtell Lipton were also in attendance by phone. At the meeting, Mr. MacDonald and Sunoco management provided updated information to the Sunoco board of directors regarding the potential transactions with Company A and ETP based on the meetings and teleconferences over the preceding two weeks. Mr. MacDonald explained that Company A had proposed a transaction without any premium to Sunoco shareholders, and that he had explained to Company A's chief executive officer that such a transaction would not be acceptable. Mr. MacDonald also updated the Sunoco board of directors on the latest proposal from ETP, including the increase in the offer price and the change in the equity portion of the merger consideration from ETE common units to ETP common units. At the request of the Sunoco board of directors, representatives from Credit Suisse reviewed their preliminary financial analyses with respect to the proposed merger with ETP, including the implied premium to the historical trading prices of Sunoco common stock based on the current market price of ETP common units. Credit Suisse also discussed differences between ETE and ETP and the interests in ETE and ETP represented by their common units.

At the same April 11, 2012 meeting, the Sunoco board of directors, management and advisors also discussed potential alternatives to the transactions being discussed with ETP and Company A, including a stand-alone

## Table of Contents

strategy, the possibility of separating the logistics and retail businesses from each other and whether there were other potential purchasers of Sunoco. The lengthy strategic review process that had been undertaken was also discussed. The Sunoco board of directors concluded that the proposed consideration from ETP was likely to have greater value than these other alternatives, and that it was unlikely that another potential acquiror would be willing to offer a premium on the entire Sunoco business that was equal to, or greater than, the value being offered by ETP. Based on the discussions with management and Sunoco's outside legal and financial advisors, the board concluded that the ETP offer was a substantial improvement from the prior ETE offer, and that management should continue to pursue the ETP transaction. The Sunoco board of directors also recommended that Sunoco's management and its financial advisor contact Company A (or its financial advisor) to advise Company A to improve the value of its offer. Following the board meeting, Mr. MacDonald telephoned the chief executive officer of Company A and advised that Company A would have to improve the value of its proposal in order for the Sunoco board of directors to find it to be acceptable.

Additionally, on April 11, 2012, as part of Sunoco's due diligence, management of ETP provided financial projections for Sunoco management's review.

On April 13, 2012, representatives from Credit Suisse had a teleconference with Company A's financial advisors. As requested by the Sunoco board of directors, during the call, representatives from Credit Suisse informed Company A's financial advisors that Company A would have to improve the value of its proposal and communicated financial rationales for Company A to increase its proposed consideration. The representatives of Company A's financial advisors indicated that they would discuss these rationales with Company A's management.

On April 14, 2012, on behalf of Sunoco, Wachtell Lipton sent a draft of the definitive merger agreement to ETP and its outside counsel, Latham & Watkins LLP (Latham & Watkins).

During the week of April 15, 2012, Sunoco and ETP continued their respective due diligence investigation of each other's businesses, and ETP and its counsel reviewed the terms of the draft merger agreement provided by Sunoco and its counsel.

On April 18, 2012, Company A sent Sunoco a letter containing a revised proposal. Under the terms of the revised proposal, Company A would complete a merger in which it would acquire all of Sunoco's shares in exchange for Company A common stock at an exchange ratio implying a 10% premium to Sunoco's 10-day average trading price prior to executing the merger agreement. The proposal also contemplated that, immediately prior to closing the transaction, Sunoco would declare and pay a \$2 billion cash dividend to Sunoco shareholders funded by Sunoco's cash on hand and additional drawings from Sunoco's revolving credit facility. The letter stated that Company A believed the aggregate consideration implied a 20% premium when adjusted for the special cash dividend. The letter noted that Company A did not anticipate requiring approval from the Company A shareholders for the transaction, but that the transaction would require the consent from another company relating to a tax matters agreements entered into between Company A and such other company.

On April 19, 2012, the Sunoco board of directors held a telephonic meeting. At the request of the Sunoco board of directors, members of Sunoco management and representatives from Credit Suisse and Wachtell Lipton were also in attendance. During the meeting, the Sunoco board of directors, with the assistance of management and Sunoco's legal and financial advisors, discussed the revised proposal from Company A. After reviewing the terms, the Sunoco board of directors concluded that the transaction proposed by Company A was still inferior to the proposed ETP merger transaction in terms of value to the Sunoco shareholders. The Sunoco board of directors requested that Mr. MacDonald inform Company A of its conclusion and to see if Company A's board would be willing to increase the value of its proposal. During this meeting, the Sunoco board of directors also reviewed the status of the ETP transaction. In addition, at the request of the Sunoco board of directors, representatives of Credit Suisse reviewed updated preliminary financial analyses of Sunoco, ETP and the proposed transaction with ETP.

## **Table of Contents**

On April 20, 2012, on behalf of ETP, Latham & Watkins sent a revised draft of the merger agreement to Sunoco and Wachtell Lipton. ETP's revised draft of the merger agreement included numerous modifications that Sunoco and its advisors believed were problematic, including, among others: a termination fee equal to 4.5% of the equity value of the transaction plus uncapped reimbursement of ETP's transaction expenses; a less stringent requirement for ETP to take actions required to receive the antitrust approvals necessary to complete the transaction; a provision requiring that Sunoco submit the ETP merger to a vote of Sunoco shareholders even if the Sunoco board of directors had determined to accept a superior proposal; and a substantially expanded set of situations in which Sunoco would have to pay the termination fee and expense reimbursement. Sunoco and its advisors reviewed the draft merger agreement and the issues raised by the draft and Wachtell Lipton returned a revised draft to ETP on April 24, 2012 reflecting Sunoco's positions.

On April 22, 2012, Credit Suisse and Company A's financial advisor held a teleconference to discuss Company A's revised proposal. Company A's financial advisor indicated that it was unlikely that Company A would increase its proposed consideration, and as previously directed by Sunoco's management, Credit Suisse indicated that it was unlikely that Sunoco's board of directors would accept the revised proposal.

On April 23, 2012, Sunoco publicly announced that it had entered into exclusive discussions with The Carlyle Group regarding a potential joint venture involving Sunoco's refinery in Philadelphia.

In addition and also on April 23, 2012, Mr. MacDonald informed the chief executive officer of Company A that the Sunoco board of directors still believed that Company A's proposal undervalued Sunoco and did not provide more value than could be created for Sunoco shareholders from the other alternatives available to Sunoco. They discussed the possibility that the chief executive officer of Company A request authority for Company A's board of directors to increase the value of its proposal. The chief executive officer of Company A indicated that the board of directors of Company A was unlikely to consider providing greater value to the Sunoco shareholders.

On April 25, 2012, members of the managements of Sunoco and ETP and Sunoco's financial advisor met in New York with two credit rating agencies to discuss the potential ratings implications of the merger and other transactions contemplated by the merger agreement. In addition, Sunoco management continued its due diligence with respect to ETP at a meeting at which representatives of Sunoco management and Credit Suisse met with management of ETP.

On April 26, 2012, the Sunoco board of directors held a meeting at Sunoco's headquarters in Philadelphia. At the request of the Sunoco board of directors, members of Sunoco management and representatives from Credit Suisse and Wachtell Lipton were also in attendance. At the meeting, Mr. MacDonald and other members of Sunoco management presented the current status of the negotiations and due diligence with ETP and reviewed the strategic rationale for the proposed business combination. Sunoco management updated the board regarding the current status of the Company's financial due diligence with respect to ETP. Credit Suisse and Sunoco management also reviewed the terms of the proposed merger with ETP and the terms of the transaction proposed by Company A. Furthermore, it was noted that, when Sunoco had discussions with three private equity firms beginning in the second half of 2011, none of the private equity firms expressed any serious interest in any acquisition of Sunoco as an entirety. At the request of the Sunoco board of directors, Credit Suisse then presented its preliminary financial analysis with respect to Sunoco, ETP and the proposed ETP transaction to the Sunoco board of directors. Wachtell Lipton presented summaries of the current draft merger agreement. Wachtell Lipton also reviewed with the Sunoco directors their fiduciary duties under Pennsylvania law. In addition, Sunoco management presented its preliminary recommendation with respect to the proposed transaction with ETP. At the meeting, it was the consensus of the Sunoco board of directors that management should continue its negotiations with ETP and with Company A.

In the evening of April 26, 2012, the legal advisors of Sunoco and ETP had a series of calls to resolve open issues in the draft merger agreement. Following their discussions that evening, Latham & Watkins sent a revised

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**Table of Contents**

draft of the merger agreement that reflected agreement on several previously open issues, including: conceding to Sunoco's requested covenant regarding the efforts required to obtain antitrust approval; eliminating the provision that would require Sunoco to submit the ETP merger to a vote of Sunoco shareholders even if the Sunoco board of directors had determined to accept a superior proposal; and reducing the set of situations in which Sunoco would have to pay ETP the breakup fee. The size of the breakup fee, however, remained at 4.5% of the equity value of the transaction, but expenses, if payable, were now to be credited against the breakup fee, if payable. The April 26 draft of the merger agreement also added a new provision that permitted ETP to contribute one-half of its interest in Merger Sub to ETE (which we refer to as the alternate structure), thereby dividing the interest in Sunoco that was being acquired between ETP and ETE.

In the evening of April 27, 2012, the general counsel of Sunoco and the general counsel of ETP, along with each company's legal advisors, held a conference call to further resolve issues. During the conference call, certain issues still to be resolved by the parties were identified, including the potential restructuring of the transaction to transfer one half of ETP's interest in the merger subsidiary to ETE. In addition, a number of other issues were identified, including the size of the breakup fee potentially payable to ETP, ETP's approval rights over the refinery sales or closings and the ability of Sunoco Logistics to increase its distributions.

Also on April 27, on behalf of ETP, Latham & Watkins sent a draft of an amendment to the ETP partnership agreement to Wachtell Lipton. The amendment contained provisions to create a new class of ETP units that would be exchanged for Sunoco's interests in Sunoco Logistics' general partner and contained a waiver by ETE of a certain amount of its incentive distribution rights in ETP for a specified period of time. Latham & Watkins had previously informed Wachtell Lipton that the terms of the waiver of ETE's incentive distribution rights were under negotiation between ETP and ETE, and that Vinson & Elkins LLP was representing ETE with respect to its role in the transaction.

Early in the morning on April 28, 2012, Wachtell Lipton sent ETP a revised draft of the merger agreement reflecting the agreed points and Sunoco's positions on the remaining open issues. During the course of the day on April 28, the parties finalized their due diligence reviews and the disclosure schedules to be delivered in connection with the merger agreement. Wachtell Lipton and Latham & Watkins worked throughout the day to resolve remaining legal issues in the merger agreement.

On April 28, 2012, Mr. MacDonald and Mr. Warren had a telephone call to discuss the remaining open business issues. During the call, Mr. MacDonald and Mr. Warren resolved many of the remaining issues and agreed that the final exchange ratio for the unit consideration would be based on the 5-day average of ETP's trading price, which made the consideration worth \$50.13 based on the closing price of Sunoco's common stock on April 27, 2012. However, Mr. Warren also indicated that ETP would not be willing to proceed with a transaction in which the breakup fee was less than 4.25% of the equity value of the transaction. Mr. MacDonald agreed that he would discuss Mr. Warren's final positions with the Sunoco board of directors at the next day's board meeting.

On April 29, 2012, the Sunoco board of directors held a telephonic meeting. At the request of the Sunoco board of directors, members of Sunoco management and representatives from Credit Suisse and Wachtell Lipton were also in attendance. At the meeting, Sunoco management updated the board on discussions and negotiations between the parties since the prior meeting of the Sunoco board of directors. Mr. MacDonald described his discussion with Mr. Warren from the prior day and their proposed resolution of certain open issues in the merger agreement and informed the Sunoco board of directors that ETP was confident that the few remaining open issues could be resolved quickly. The Sunoco board of directors, management and advisors then discussed the size of the breakup fee that Mr. Warren had indicated was his final position. Representatives from Wachtell Lipton and Credit Suisse provided information about the relative size of the breakup fee both generally and to transactions of similar sizes, types and industries and discussed with the board the possible effects of the breakup fee. After considering their overall view of the favorability of the transaction to Sunoco and its shareholders and the other factors discussed with Sunoco's management and advisors, the Sunoco board of directors decided to

**Table of Contents**

accept the proposed breakup fee of 4.25% of the equity value of the transaction. Representatives from Wachtell Lipton then described the updated terms of the draft merger agreement, and noted the remaining open issues, including the value and timing of ETE's waiver of incentive distribution rights and the required consent that ETP would need in order to effect the transfer of any portion of Merger Sub to ETE. At the request of the Sunoco board of directors, representatives from Credit Suisse reviewed and discussed their financial analysis of Sunoco, ETP and the proposed transaction with ETP. Thereafter, at the request of the Sunoco board of directors, Credit Suisse rendered its oral opinion to the Sunoco board of directors (which was subsequently confirmed in writing by delivery of Credit Suisse's written opinion dated the same date) to the effect that, as of April 29, 2012, and based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion, the aggregate merger consideration to be received by the holders of Sunoco common stock in the merger pursuant to the merger agreement was fair, from a financial point of view, to such holders. After discussion and deliberation, the Sunoco board of directors determined that the merger agreement and the transactions contemplated thereby were fair and in the best interests of Sunoco and its shareholders and authorized management to execute the merger agreement on behalf of the company.

Following the approval of the Sunoco board of directors and the ETP board of directors, the managements of ETP and Sunoco with their respective advisors finalized the last remaining open issues in accordance with instructions from their respective boards of directors, including the conditions relating to ETP's transfer of its interest in Merger Sub. Additionally, the final terms of ETE's waiver of incentive distribution rights were agreed between ETE and ETP to be \$210 million over the first 12 consecutive quarters following the closing of the merger. The parties then entered into the merger agreement on April 29, 2012 on the terms approved by the respective boards of directors.

On April 30, 2012, Sunoco and ETP issued a press release announcing the execution of the merger agreement and the transaction.

Throughout May 2012, ETE and ETP and their respective advisors discussed a possible transaction to occur concurrently or following the merger in order to maximize efficiencies to both ETE and ETP in connection with their ownership of Southern Union and Sunoco.

On June 4, 2012, the Sunoco board of directors held a telephonic meeting. At the request of the Sunoco board of directors, members of Sunoco management and representatives from Credit Suisse and Wachtell Lipton were also in attendance. At the meeting, Sunoco management updated the Sunoco board of directors on the status of the potential post-closing transactions being considered by ETE and ETP, and Sunoco's management and advisors discussed the relative benefits and detriments of such post-closing transactions to the Sunoco shareholders who would receive ETP common units in the merger. At the meeting, at the request of the Sunoco board of directors, Credit Suisse confirmed to the Sunoco board of directors that if, in connection with the rendering of its opinion to the Sunoco board of directors on April 29, 2012, Credit Suisse had been instructed to assume that, in connection with the merger, ETE, ETP and Sunoco would effect the transactions contemplated by the post-closing structure, Credit Suisse would still have been able to render its opinion to the Sunoco board of directors on April 29, 2012, subject to the assumptions, qualifications, limitations and other matters set forth therein. After discussion and deliberation, the Sunoco board of directors determined that nothing in the post-closing structure would cause it to change its determination that the merger was in the best interest of Sunoco and its shareholders or cause it to change its recommendation to the Sunoco shareholders to approve and adopt the merger agreement and the transactions contemplated thereby.

On June 15, 2012, following approval by the conflicts committee of the ETP board of directors and by the ETP board of directors and by the special committee and the conflicts committee of the ETE board of directors and by the ETE board of directors, ETP, ETE and their respective relevant subsidiaries entered into a transaction agreement, pursuant to which, immediately following the closing of the merger and the Sunoco Logistics restructuring, ETE will contribute Southern Union to Holdco in exchange for a 60% equity interest in Holdco and ETP will contribute Sunoco to Holdco and will retain a 40% equity interest in Holdco.

## Table of Contents

On June 15, 2012, the parties to the merger agreement executed Amendment No. 1 to the merger agreement, which made technical modifications to the definitions in the merger agreement and to the ETP partnership agreement amendment to correspond with certain aspects of the Sunoco Logistics restructuring and the Holdco restructuring.

### **Recommendation of Sunoco's Board of Directors and Reasons for the Merger**

By a vote at a meeting held on April 29, 2012, the Sunoco board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement were advisable and in the best interests of Sunoco and its shareholders and approved and adopted the merger agreement and the transactions contemplated by the merger agreement. **The Sunoco board of directors unanimously recommends that the Sunoco shareholders vote FOR the proposal at the Sunoco special meeting to approve and adopt the merger agreement and the transactions contemplated thereby.**

In evaluating the proposed transactions, the Sunoco board of directors consulted with Sunoco's management and legal and financial advisors and, in reaching its determination and recommendation, the Sunoco board of directors considered a number of factors. The Sunoco board of directors also consulted with outside legal counsel regarding its obligations, legal due diligence matters and the terms of the merger agreement.

Many of the factors considered favored the conclusion of the Sunoco board of directors that the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Sunoco and its shareholders, including the following:

The aggregate value and composition of the merger consideration to be received by Sunoco shareholders in the merger;

That the merger consideration with a value of \$50.13 per share of Sunoco common stock, based upon the closing price of ETP common units on April 27, 2012 (the last trading date before the date of the merger agreement), represented a premium of:

22.5% to the closing price of Sunoco common stock on the same date;

22.5% to the highest closing price of Sunoco common stock during the 52 weeks prior to such date (adjusting for the spin-off of SunCoke in January 2012 and the IPO of SunCoke in July 2011);

42.0% to the closing price of Sunoco common stock on the same date, net of Sunoco's cash;

29.1% to the average closing price of Sunoco common stock for the month prior to such date; and

48.6% to the average closing price of Sunoco common stock for the year prior to such date (adjusting for the spin-off of SunCoke in January 2012).

The potential shareholder value that might result from other alternatives available to Sunoco, including the alternative of separating Sunoco's retail business from its logistics business, entering into an alternative transaction with another third party, or remaining an independent public company, in each case, considering the potential for Sunoco shareholders to share in any future earnings growth of Sunoco's businesses and continued costs, as well as the risks and uncertainties associated with its business plans or any alternative thereto and the ability to achieve a higher valuation than the proposed transaction.

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The fact that another potential acquiror of Sunoco offered substantially lower value than that offered by ETP, and the belief of the Sunoco board of directors that such transaction would have been less certain of closing than the merger.

The fact that three private equity firms had expressed no serious interest in an acquisition of Sunoco as an entirety after having conducted due diligence on Sunoco.



**Table of Contents**

The belief of the Sunoco board of directors that the shared core values of the two companies, including those of safety, employee development, ethics, operational excellence and customer satisfaction, would assist in integration of the companies and enhance customer service going forward.

That the merger would expand the scale, operational diversity and geographic footprint of Sunoco and Sunoco Logistics.

Sunoco, Sunoco Logistics and ETP management's identification of \$70 million worth of operational synergies on an annualized basis and the fact that Sunoco's shareholders would benefit from any achieved synergies by becoming ETP unitholders.

The Sunoco board of directors' familiarity with, and understanding of, Sunoco's business, assets, financial condition, results of operations, current business strategy and prospects.

The financial analysis reviewed and discussed with the Sunoco board of directors by representatives of Credit Suisse, as well as the oral opinion of Credit Suisse rendered to the Sunoco board of directors on April 29, 2012 (which was subsequently confirmed in writing by delivery of Credit Suisse's written opinion dated the same date) with respect to the fairness, from a financial point of view, to the holders of Sunoco common stock of the aggregate merger consideration to be received by such holders in the merger pursuant to the merger agreement. See Opinion of Sunoco's Financial Advisor. The full text of the written opinion of Credit Suisse, dated April 29, 2012, which sets forth procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion, is attached as Annex C to this proxy statement/prospectus.

ETP's business, assets, financial condition, results of operations, business plan and prospects, including the size and scale of the combined company and the expected pro forma effect of the proposed transactions on the combined company.

ETP's credit profile following the merger, including the reaffirmation of ETP's investment grade credit ratings.

That integration of the two companies would be enhanced by the key members of Sunoco and Sunoco Logistics managers that would remain with the respective companies.

That the merger agreement provides Sunoco shareholders with the ability to choose to receive the unit election or the cash election for their shares of Sunoco common stock (subject to proration) and that, following the merger, Sunoco shareholders will have the opportunity to participate in the equity value of the combined company following the proposed transactions, including the future growth and expected synergies at the combined company, while at the same time providing immediate value through the cash component of the merger consideration, with Sunoco shareholders expected to hold approximately 20% of the combined company's equity interests outstanding immediately after the merger.

That the merger agreement has no financing condition and the belief of the Sunoco board of directors, following consultation with Sunoco's financial advisor, that ETP would be able to pay the cash portion of the merger consideration payable under the merger agreement.

That the merger agreement requires ETP to use reasonable best efforts to obtain approvals of applicable antitrust and competition authorities, including the requirement of ETP to dispose of any assets and agree to any limitations on the combined company's freedom of action to obtain the regulatory approvals necessary to complete the merger.

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That ETP pays regular quarterly distributions on its common units and that, after the merger, former Sunoco shareholders would be entitled to receive such distributions to the extent that they received ETP common units.

The review by the Sunoco board of directors with its legal and financial advisors of the structure of the proposed merger and the financial and other terms of the merger agreement, including ETP s

**Table of Contents**

representations, warranties and covenants, the conditions to its obligations and the termination provisions, as well as the likelihood of consummation of the proposed merger and the Sunoco board of directors' evaluation of the likely time period necessary to close the merger.

The ability of Sunoco to continue its plans for the proposed Philadelphia refinery joint venture being discussed with The Carlyle Group.

That, for U.S. federal income tax purposes, the exchange of shares of Sunoco common stock for ETP common units pursuant to the merger is intended to qualify as an exchange to which Section 721(a) of the Internal Revenue Code applies.

That a key presence would be retained in the Philadelphia area.

That no vote of the ETP common unitholders would be required to approve the merger.

That Sunoco and ETP undertook extensive negotiations, resulting in increased merger consideration for Sunoco shareholders and the revision of terms in the merger agreement more favorable to Sunoco and its shareholders.

The Sunoco board of directors also considered the following specific aspects of the merger agreement:

The combination of common units and cash consideration contemplated by the merger agreement and the election between the common units and cash components (and that such elections are subject to proration).

The nature of the closing conditions included in the merger agreement, including the exceptions to the events that would constitute a material adverse effect on Sunoco, Sunoco Logistics or ETP for purposes of the agreement, as well as the likelihood of satisfaction of all conditions to the consummation of the transactions.

Sunoco's right to engage in negotiations with, and provide information to, a third party making an unsolicited written acquisition proposal, if the Sunoco board of directors determines in good faith, after consultation with its legal and financial advisors, that such proposal constitutes or could reasonably be expected to result in a transaction that is superior to the proposed transactions with ETP.

The right of the Sunoco board of directors to change its recommendation in favor of approval and adoption of the merger and/or terminate the merger agreement in order to accept a superior proposal, subject to certain conditions (including considering any adjustments to the merger agreement proposed by ETP and payment to ETP of a \$225 million breakup fee).

The right of the Sunoco board of directors to change its recommendation in favor of the approval and adoption of the merger agreement if, in response to a material event that arises after the date of the merger agreement, the Sunoco board of directors determines in good faith after consultation with outside counsel and its financial advisors, that the exercise of its fiduciary duties require such action.

The ability of ETP to change the transaction structure by transferring half of its interest in Merger Sub to ETE with Sunoco's consent, which consent may not be unreasonably withheld.

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That the breakup fee of \$225 million, or the expense reimbursement up to \$20 million, in each case payable by Sunoco to ETP under the circumstances specified in the merger agreement, were not unreasonable in the judgment of the Sunoco board of directors after consultation with its legal and financial advisors.

That the restrictions contemplated by the merger agreement on Sunoco's actions between the date of the merger agreement and the effective time of the merger are not, in the judgment of the Sunoco board of directors, unreasonable.

The requirement that Sunoco shareholder approval be obtained as a condition to consummation of the transactions.

**Table of Contents**

In the course of its deliberations, the Sunoco board of directors also considered a variety of risks and other potentially negative factors, including the following:

That because the merger consideration is a fixed dollar amount and a fixed exchange ratio of ETP common units, Sunoco shareholders could be adversely affected by a decrease in the trading price of ETP common units (to the extent that Sunoco shareholders receive ETP common units instead of cash) during the pendency of the transactions and the fact that the merger agreement does not provide Sunoco with a price-based termination right or other similar protection.

That because of the proration procedures set forth in the merger agreement, Sunoco shareholders who make the cash election or the unit election will not always receive the form of merger consideration that they elect to receive.

That, while the transactions are expected to be completed, there is no assurance that all conditions to the parties' obligations to complete the transactions will be satisfied or waived, and as a result, it is possible that the transactions might not be completed even if approved by Sunoco's shareholders.

That ETP is relying on its cash on hand, available borrowing and Sunoco's cash to fund the cash portion of the merger consideration, and, while there is no financing condition in the merger agreement, ETP could fail to have sufficient cash to close the merger.

That the merger agreement contains restrictions on the conduct of Sunoco's business prior to completion of the proposed transactions, including requiring Sunoco to conduct its business only in the ordinary course, subject to specific limitations, which could delay or prevent Sunoco from undertaking business opportunities that may arise pending completion of the transactions and could negatively affect Sunoco's ability to attract and retain employees and decisions of customers and vendors.

That exchange of shares of Sunoco common stock for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes.

That the merger agreement imposes limitations on Sunoco's ability to solicit alternative transactions prior to closing or terminate the merger agreement, including a requirement to pay a \$225 million breakup fee in the event Sunoco accepts a superior proposal.

That, if the merger agreement is terminated under certain circumstances, Sunoco would be required to reimburse ETP for its expenses up to \$20 million.

The governance structure of ETP, whereby common unitholders do not have control over many aspects of ETP's governance, including the ability to elect its board of directors or approve of the issuance of units.

The risk that the merger will be delayed or will not be completed, including the risk that the affirmative vote of Sunoco shareholders or the required regulatory approvals may not be obtained, as well as the potential loss of value to Sunoco's shareholders and the potential negative impact on the operations and prospects of Sunoco if the merger were delayed or were not completed for any reason.

The transaction costs to be incurred in connection with the proposed transactions.

Risks of the type and nature described under the section titled Risk Factors.

The Sunoco board of directors considered all of these factors as a whole and, on balance, concluded that they supported a determination to approve and adopt the merger agreement. The foregoing discussion of the information and factors considered by the Sunoco board of directors is not exhaustive. In view of the wide variety of factors considered by the Sunoco board of directors in connection with its evaluation of the proposed transactions and the complexity of these matters, the Sunoco board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Sunoco board of directors evaluated the factors described above, among others, and reached a consensus that the proposed transactions were advisable, fair to and in the best interests of Sunoco and

## Table of Contents

its shareholders. In considering the factors described above and any other factors, individual members of the Sunoco board of directors may have viewed factors differently or given different weight or merit to different factors.

In considering the recommendation of the Sunoco board of directors that the Sunoco shareholders vote to approve and adopt the merger agreement and the transactions contemplated thereby, Sunoco shareholders should be aware that the executive officers and directors of Sunoco may have certain interests in the proposed transactions that may be different from, or in addition to, the interests of Sunoco shareholders generally. The Sunoco board of directors was aware of these interests and considered them when approving the merger agreement and recommending that Sunoco shareholders vote to approve and adopt the merger agreement and the transactions contemplated thereby. See *Interests of Sunoco's Directors and Executive Officers in the Merger*.

### **Opinion of Sunoco's Financial Advisor**

On April 29, 2012, Credit Suisse rendered its oral opinion to the Sunoco board of directors (which was subsequently confirmed in writing by delivery of Credit Suisse's written opinion dated the same date) to the effect that, as of April 29, 2012, the aggregate merger consideration (which was based on the average merger consideration of \$25.00 in cash and 0.5245 of an ETP common unit for each share of Sunoco common stock) to be received by the holders of Sunoco common stock in the merger pursuant to the merger agreement was fair, from a financial point of view, to such holders.

**Credit Suisse's opinion was directed to the Sunoco board of directors and only addressed the fairness, from a financial point of view, to the holders of Sunoco common stock of the aggregate merger consideration to be received by such holders in the merger pursuant to the merger agreement and did not address any other aspect or implication of the merger. The summary of Credit Suisse's opinion in this document is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex C to this document and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion. However, neither Credit Suisse's written opinion nor the summary of its opinion and the related analyses set forth in this document is intended to be, and they do not constitute, advice or a recommendation to any Sunoco shareholder as to how such shareholder should vote or act with respect to any matter relating to the merger.**

In arriving at its opinion, Credit Suisse:

reviewed the merger agreement and certain publicly available business and financial information relating to Sunoco and ETP;

reviewed certain other information relating to Sunoco, including financial forecasts relating to Sunoco provided to Credit Suisse by the management of Sunoco, as adjusted based on discussions with and instructions from management of Sunoco (which we refer to as the *Sunoco Forecasts*);

reviewed certain other information relating to ETP, including financial forecasts for ETP provided to Credit Suisse by the management of ETP (which we refer to as the *ETP Forecasts*);

met with the managements of Sunoco and ETP to discuss the business and prospects of Sunoco and ETP;

considered certain financial and stock market data of Sunoco and ETP, and compared that data with similar data for other companies with publicly traded equity securities in businesses Credit Suisse deemed similar to those of Sunoco and ETP;

with respect to Sunoco, considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions that were recently effected or announced;





**Table of Contents**

considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that Credit Suisse deemed relevant.

In connection with its review, Credit Suisse did not independently verify any of the foregoing information, and Credit Suisse assumed and relied upon such information being complete and accurate in all respects material to its analyses and opinion. With respect to the Sunoco Forecasts and ETP Forecasts that Credit Suisse used in its analyses, the managements of Sunoco and ETP, respectively, advised Credit Suisse, and Credit Suisse assumed, that the Sunoco Forecasts and ETP Forecasts were reasonably prepared in good faith on bases reflecting the best available estimates and judgments of the managements of Sunoco and ETP, respectively, as to the future financial performance of Sunoco and ETP, respectively, and Credit Suisse expressed no opinion with respect to such financial forecasts or the assumptions upon which they were based. As the Sunoco board of directors was aware, the financial forecasts for Sunoco prepared by management of Sunoco and relied upon by Credit Suisse for purposes of its analyses and opinion assumed the completion of certain refinery closings and certain strategic and other initiatives previously announced by Sunoco in September 2011 and February 2012, respectively. Credit Suisse also assumed, with the consent of the Sunoco board of directors, that, in the course of obtaining any regulatory or third-party consents, approvals or agreements in connection with the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Sunoco, ETP or the contemplated benefits of the merger. Credit Suisse further assumed, with the consent of the Sunoco board of directors, that the merger would be consummated with the parties and in the form and structure described in Credit Suisse's opinion in accordance with the terms of the merger agreement, without waiver, modification or amendment of any term, condition or agreement thereof material to Credit Suisse's analyses or opinion and that neither the consummation of the Additional Transactions (as defined in the merger agreement) nor any assignments of any rights under or modification to the parties, form and structure of the merger as described in Credit Suisse's opinion, whether pursuant to the merger agreement or otherwise, would be material to Credit Suisse's analyses or opinion. The Sunoco board of directors advised Credit Suisse and for purposes of its analyses and opinion Credit Suisse assumed that, for U.S. federal income tax purposes, the exchange of shares of Sunoco common stock for ETP common units pursuant to the merger would qualify as an exchange to which Section 721(a) of the Internal Revenue Code applies. Credit Suisse did not investigate or otherwise evaluate, and its opinion did not address, the potential effects of the merger, any related transactions or any sales or transfers of any assets or securities of Sunoco, ETP or their respective affiliates, whether in connection with the merger or otherwise, on the credit ratings of Sunoco or ETP or the federal, state or other taxes or tax rates payable by Sunoco, ETP or their respective security holders and, with the consent of the Sunoco board of directors, assumed, that, except as would not be material to its analysis or opinion, such credit ratings, taxes and tax rates would not be adversely affected by or after giving effect to the merger, any related transactions or any such sales or transfers. In addition, Credit Suisse was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Sunoco or ETP, nor was Credit Suisse furnished with any such evaluations or appraisals except that management of Sunoco provided Credit Suisse with certain studies relating to certain of Sunoco's real estate assets. Credit Suisse undertook no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which Sunoco or ETP was or could be a party or was or could be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which Sunoco or ETP was or could be a party or was or could be subject.

Credit Suisse's opinion addressed only the fairness, from a financial point of view, to the holders of Sunoco common stock of the aggregate merger consideration to be received by such holders in the merger pursuant to the merger agreement and did not address (i) any other aspect or implication of the merger or any agreement, arrangement or understanding entered into in connection therewith or otherwise, including, without limitation, the potential effects of any subsequent sales, transfers (including internal transfers) of any assets or securities of Sunoco, ETP or their respective affiliates on Sunoco or ETP, whether in connection with the merger, the financing of the merger or otherwise, (ii) the allocation of the aggregate merger consideration as between holders of Sunoco common stock who make an election to receive the standard mix of consideration, a unit election or a cash election or any combination thereof, (iii) the relative fairness of the consideration to be received by holders of Sunoco common stock who make an election to receive the standard mix of consideration, a unit election or a

## **Table of Contents**

cash election or (iv) the fairness of the amount or nature of, or any other aspect relating to, any compensation or consideration to be received or otherwise payable to any officers, directors, employees, security holders or affiliates of any party to the merger, or class of such persons, relative to the merger consideration or otherwise. Furthermore, no opinion, counsel or interpretation was intended regarding matters that require legal, regulatory, accounting, insurance, tax, environmental, executive compensation or other similar professional advice. It was assumed that such opinions, counsel, interpretations or advice were or would be obtained from the appropriate professional sources. The issuance of Credit Suisse's opinion was approved by an authorized internal committee of Credit Suisse.

Credit Suisse's opinion was necessarily based upon information made available to Credit Suisse as of the date of the opinion and financial, economic, market and other conditions as they existed and could be evaluated on the date of the opinion. Credit Suisse did not undertake, and was under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring or coming to its attention after the date of its opinion. In addition, as the Sunoco board of directors was aware, the financial projections and estimates that Credit Suisse reviewed relating to the future financial performance of Sunoco and ETP reflected certain assumptions regarding the oil and gas industry that were subject to significant uncertainty and that, if different than assumed, could have a material impact on Credit Suisse's analyses and opinion. Credit Suisse's opinion did not address the relative merits of the merger as compared to alternative transactions or strategies that might be available to Sunoco, nor did it address the underlying business decision of Sunoco to proceed with the merger. Except pursuant to a separate pending engagement with respect to the disposition of certain refineries, Credit Suisse was not requested to, and did not, solicit third-party indications of interest in acquiring all or any part of Sunoco though, at Sunoco's direction, Credit Suisse participated in discussions with a third party that contacted Sunoco regarding a potential transaction. Credit Suisse did not express any opinion as to what the value of ETP common units actually would be when exchanged or issued pursuant to the merger or the price or range of prices at which Sunoco common stock or ETP common units could be purchased or sold at any time. Credit Suisse assumed that the ETP common units to be issued in the merger would be listed on the NYSE.

It is understood that Credit Suisse's opinion was for the information of the Sunoco board of directors (in its capacity as such) in connection with its consideration of the merger and does not constitute advice or a recommendation to any Sunoco shareholder as to how such holder should vote or act on any matter relating to the proposed merger or otherwise, including, without limitation, whether such holder should make an election to receive the standard mix of consideration, a unit election or a cash election.

In preparing its opinion to the Sunoco board of directors, Credit Suisse performed a variety of analyses, including those described below. The summary of Credit Suisse's valuation analyses is not a complete description of the analyses underlying Credit Suisse's opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those methods to the unique facts and circumstances presented. As a consequence, neither Credit Suisse's opinion nor the analyses underlying its opinion are readily susceptible to partial analysis or summary description. Credit Suisse arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Credit Suisse believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Credit Suisse considered business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. No company or business used in Credit Suisse's analyses for comparative purposes is identical to Sunoco, ETP, Sunoco Logistics, Sunoco's retail business or the proposed transaction. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Credit Suisse did not make separate or quantifiable judgments regarding individual analyses. The implied valuation reference ranges indicated by

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**Table of Contents**

Credit Suisse's analyses are illustrative and not necessarily indicative of actual values nor predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which assets, businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond Sunoco's control, ETP's control and the control of Credit Suisse. Much of the information used in, and accordingly the results of, Credit Suisse's analyses are inherently subject to substantial uncertainty.

Credit Suisse's opinion and analyses were provided to the Sunoco board of directors in connection with its consideration of the proposed merger and were among many factors considered by the Sunoco board of directors in evaluating the proposed merger. Neither Credit Suisse's opinion nor its analyses were determinative of the merger consideration or of the views of the Sunoco board of directors with respect to the proposed merger.

The following is a summary of the material financial analyses performed in connection with Credit Suisse's opinion rendered to the Sunoco board of directors on April 29, 2012. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying, and the assumptions, qualifications and limitations affecting, each analysis, could create a misleading or incomplete view of Credit Suisse's analyses.

For purposes of its analyses, Credit Suisse reviewed a number of financial metrics including:

*Enterprise Value* generally the value as of a specified date of the relevant company's outstanding equity securities (taking into account its options and other outstanding convertible securities) plus the value as of such date of its net debt (the value of its outstanding indebtedness, preferred stock and capital lease obligations less the amount of cash on its balance sheet).

*EBITDA* generally the amount of the relevant company's earnings before interest, taxes, depreciation and amortization for a specified time period.

*Distributable Cash Flow* generally the amount of after tax cash flow for a specified time period available to be distributed by the relevant company.

*Distributed Cash Flow* generally the amount of after tax cash flow for a specified time period distributed by the relevant company. Unless the context indicates otherwise, share prices for the selected companies used in the selected companies analysis described below were as of April 27, 2012, the last trading day prior to the execution of the merger agreement. Estimates of financial performance for Sunoco were based upon financial forecasts provided by Sunoco management as adjusted based on discussions with and instructions from Sunoco management. These adjustments included, among other things, an adjustment to 2012 estimated distributable cash flow for one-time items relating to refining, post-retirement contributions, pension contributions, environmental remediation payments and other adjustments. Estimates of financial performance for ETP were based upon financial forecasts provided by ETP management. Estimates of financial performance for the selected companies listed below for the calendar years ending December 31, 2012 and 2013 were based on publicly available research analyst estimates for those companies. EBITDA for Sunoco, its businesses, ETP and the selected companies in the selected companies analysis were adjusted to exclude non-recurring items.

For purposes of its analyses and opinion, Credit Suisse calculated an implied value of the merger consideration of \$50.13, which was based on the average merger consideration to be received per share of Sunoco common stock of \$25.00 in cash and 0.5245 of an ETP common unit, with an ETP common unit valued based on the closing market price of ETP common units on April 27, 2012, the last trading day prior to the execution of the merger agreement. Credit Suisse compared the implied value of the merger consideration to the valuation reference ranges implied by each of the financial analyses with respect to Sunoco described below.

## **Table of Contents**

### ***Financial Analyses with Respect to Sunoco***

Credit Suisse performed financial analyses with respect to Sunoco on two bases:

a sum-of-the-parts basis using selected companies analysis, discounted cash flow analysis and selected transactions analysis; and

a combined basis using a discounted cash flow analysis;  
in each case evaluating Sunoco's interests in its logistics business, as conducted by Sunoco Logistics, on the equity method.

#### *Sum-of-the-Parts Basis*

#### *Selected Companies Analysis*

Credit Suisse considered certain financial data for selected corporate general partners of oil and gas master limited partnerships with publicly traded equity securities that Credit Suisse deemed relevant and selected companies with significant retail fuel distribution businesses with publicly traded equity securities that Credit Suisse deemed relevant, and compared that data with corresponding financial data for Sunoco's limited and general partnership interests and incentive distribution rights in Sunoco Logistics and corresponding financial data for Sunoco's retail business, respectively. Credit Suisse then calculated an implied enterprise valuation reference range on a sum-of-the-parts basis by adding the implied enterprise valuation reference ranges for its limited and general partnership interests and incentive distribution rights in Sunoco Logistics and its retail businesses indicated by the selected companies analysis to the implied enterprise valuation reference range for the certain corporate-level assets and other businesses based on the discounted cash flow analysis described below. The selected companies were selected because they were deemed to be similar to Sunoco's logistics business or Sunoco's retail business in one or more respects including the nature of their business, size, diversification and financial performance.

*Logistics Business.* With respect to Sunoco's interests in its logistics business, Credit Suisse reviewed certain financial data for the following corporate general partners of oil and gas master limited partnerships with publicly traded equity securities:

Kinder Morgan, Inc.

Williams Companies, Inc.

ONEOK, Inc.

Targa Resources Corp.

Crosstex Energy, Inc.

The financial data for the selected corporate general partners of oil and gas master limited partnerships with publicly traded equity securities reviewed by Credit Suisse included:

estimated 2012 distributable cash flow yield; and

estimated 2013 distributable cash flow yield.

**Table of Contents**

With respect to Sunoco's interests in its logistics business, the selected corporate general partners of oil and gas master limited partnerships with publicly traded equity securities and their corresponding estimated 2012 and estimated 2013 distributable cash flow yields were:

|                          | Distributable<br>Cash Flow Yield |       |
|--------------------------|----------------------------------|-------|
|                          | 2012E                            | 2013E |
| Kinder Morgan, Inc.      | 3.91%                            | 4.27% |
| Williams Companies, Inc. | 4.07%                            | 5.10% |
| ONEOK, Inc.              | 4.47%                            | 5.31% |
| Targa Resources Corp.    | 3.37%                            | 4.49% |
| Crosstex Energy, Inc.    | 3.55%                            | 4.75% |

Taking into account the results of the selected companies analysis, Credit Suisse applied percentage of distributable cash flow ranges of 4.50% to 4.00% and 5.00% to 4.25% to Sunoco management's estimates of 2012E distributable cash flow and 2013E distributable cash flow for Sunoco's interests in its logistics business, which resulted in an implied enterprise valuation reference range of approximately \$2.100 billion to \$2.500 billion for Sunoco's interests in its logistics business.

*Retail Business.* With respect to Sunoco's retail business, Credit Suisse reviewed certain financial data for the following companies with significant retail fuel distribution businesses and publicly traded equity securities:

Alimentation Couche-Tard Inc.

Casey's General Stores, Inc.

Susser Holdings Corporation

The Pantry, Inc.

The financial data for the selected companies with significant retail fuel distribution businesses and publicly traded equity securities reviewed by Credit Suisse included:

enterprise value as a multiple of estimated 2012 EBITDA; and

enterprise value as a multiple of estimated 2013 EBITDA.

With respect to Sunoco's retail business, the selected companies with significant retail fuel distribution businesses and publicly traded equity securities and their corresponding estimated 2012 and estimated 2013 EBITDA multiples were:

|                               | Enterprise Value /<br>EBITDA |       |
|-------------------------------|------------------------------|-------|
|                               | 2012E                        | 2013E |
| Alimentation Couche-Tard Inc. | 9.0x                         | 8.6x  |
| Casey's General Stores, Inc.  | 8.3                          | 7.6   |
| Susser Holdings Corporation   | 6.5                          | 6.0   |
| The Pantry, Inc.              | 6.1                          | 5.8   |

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Taking into account the results of the selected companies analysis with respect to Sunoco's retail business, Credit Suisse applied multiple ranges of 6.5x to 7.5x and 6.0x to 7.0x to Sunoco management's estimate of 2012E EBITDA and 2013E EBITDA for its retail business, which resulted in an implied enterprise valuation reference range of approximately \$1.650 billion to \$1.900 billion for Sunoco's retail business.

*Selected Companies Analysis - Sum of the Parts.* Credit Suisse then calculated an implied enterprise valuation reference range for Sunoco on a sum-of-the-parts basis by adding (1) a selected companies implied

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## **Table of Contents**

enterprise valuation reference range for Sunoco's interests in its logistics business of approximately \$2.100 billion to \$2.500 billion, (2) a selected companies implied enterprise valuation reference range for Sunoco's retail business of approximately \$1.650 billion to \$1.900 billion and (3) the implied enterprise valuation reference range for certain corporate-level assets and other businesses of Sunoco of approximately \$140 million to \$150 million calculated based on the discounted cash flow analysis described below. This sum resulted in an aggregate implied enterprise valuation reference range for Sunoco of approximately \$3.890 billion to \$4.550 billion and an implied per share equity valuation reference range of approximately \$44.15 to \$50.34 per share of Sunoco common stock, as compared to the implied value of the merger consideration of \$50.13 per share of Sunoco common stock.

### *Discounted Cash Flow Analysis*

Credit Suisse also performed a discounted cash flow analysis with respect to Sunoco's interests in its logistics business, its retail business and certain corporate-level assets and other businesses. Credit Suisse then calculated an implied aggregate enterprise valuation reference range on a sum-of-the-parts basis by adding the implied enterprise valuation reference ranges for Sunoco's interests in its logistics business, its retail business and certain corporate-level assets and other businesses indicated by the discounted cash flow analyses. For purposes of the discounted cash flow analysis, Credit Suisse relied upon the Sunoco Forecasts.

*Logistics Business.* In performing a discounted cash flow analysis with respect to Sunoco's interests in its logistics business, Credit Suisse applied discount rates ranging from 9.0% to 11.0% and long-term distribution growth rates ranging from 2.0% to 3.0% to the projected unlevered free cash flows from Sunoco's interests in its logistics business which resulted in an implied enterprise valuation reference range of approximately \$1.725 billion to \$2.553 billion for Sunoco's interests in its logistics business.

*Retail Business.* In performing a discounted cash flow analysis with respect to Sunoco's retail business, Credit Suisse applied discount rates ranging from 7.0% to 9.0% and terminal value EBITDA multiples ranging from 6.0x to 7.0x to the projected unlevered free cash flows from Sunoco's retail business which resulted in an implied enterprise valuation reference range of approximately \$1.619 billion to \$1.963 billion for Sunoco's retail business.

*Corporate Assets and Other Businesses.* In performing a discounted cash flow analysis with respect to certain corporate-level assets and other businesses of Sunoco, Credit Suisse applied discount rates ranging from 8.0% to 10.0% and long-term dividend growth rates ranging from 0.0% to 1.0% to the projected unlevered free cash flows from certain corporate-level assets and other businesses of Sunoco which resulted in an implied enterprise valuation reference range of approximately \$140 million to \$150 million for certain corporate-level assets and other businesses of Sunoco.

*Discounted Cash Flow Analysis - Sum of the Parts.* Credit Suisse then calculated an implied discounted cash flow enterprise valuation reference range for Sunoco on a sum-of-the-parts basis by adding (1) the discounted cash flow implied enterprise valuation reference range for Sunoco's interests in its logistics business of approximately \$1.725 billion to \$2.553 billion, (2) the discounted cash flow implied enterprise valuation reference range for Sunoco's retail business of approximately \$1.619 billion to \$1.963 billion and (3) the discounted cash flow implied enterprise valuation reference range for certain corporate-level assets and other businesses of Sunoco of approximately \$140 million to \$150 million. This sum resulted in an aggregate implied enterprise valuation reference range for Sunoco of approximately \$3.484 billion to \$4.655 billion and an implied per share equity valuation reference range of approximately \$40.35 to \$51.42 per share of Sunoco common stock, as compared to the implied value of the merger consideration of \$50.13 per share of Sunoco common stock.

### *Selected Transactions Analysis*

Credit Suisse also considered certain financial terms of certain business combinations and other transaction involving general partners of oil and gas master limited partnerships that Credit Suisse deemed relevant and



**Table of Contents**

certain business combinations and other transaction involving companies with significant retail fuel distribution businesses that Credit Suisse deemed relevant and compared that data with corresponding financial data for Sunoco's general partner interest and incentive distribution rights in Sunoco Logistics and corresponding financial data for its retail business, respectively. Credit Suisse then calculated an aggregate implied enterprise valuation reference range on a sum-of-the-parts basis by adding the implied enterprise valuation reference ranges for Sunoco's general partner interest and incentive distribution rights in Sunoco Logistics and Sunoco's retail businesses indicated by the selected transactions analysis to the implied enterprise valuation for Sunoco's limited partner interests in Sunoco Logistics based on the market price for such limited partner interests and the implied enterprise valuation reference range for certain corporate-level assets and other businesses of Sunoco based on the discounted cash flow analysis described above. The selected transactions were selected because the target companies in those transactions were deemed similar to Sunoco's general partner interest and incentive distribution rights in Sunoco Logistics or were deemed similar to Sunoco's retail business in one or more respects including the nature of their business, size, diversification and financial performance.

*Logistics Business General Partner Interest and Incentive Distribution Rights.* With respect to Sunoco's general partner interest and incentive distribution rights in Sunoco Logistics, the financial data reviewed for the selected transactions involving targets that were general partners of oil and gas master limited partnerships included the implied yield on after tax distributions received for the next fiscal year following the announcement of the transaction. The selected transactions and corresponding yields were:

| Announce<br>Date | Acquiror                        | Master Limited Partnership     | Implied FY + 1 total<br>cash flow yields |             | Implied FY + 1 GP<br>only<br>cash flow yields |             |
|------------------|---------------------------------|--------------------------------|--|-------------|---|-------------|
|                  |                                 |                                | Distributable                            | Distributed | Distributable                                 | Distributed |
| 12/28/10         | Genesis Energy, L.P.            | Genesis Energy, LLC            | 6.07%                                    | 3.95%       | 6.07%   | 3.95%       |
| 09/21/10         | Penn Virginia Resource Partners | Penn Virginia GP Holdings      | 8.03%                                    | 6.66%       | 7.66%   | 5.72%       |
| 09/20/10         | Natural Resource Partners L.P.  | Natural Resource Partners GP   | 8.73%                                    | 6.80%       | 8.73%   | 6.80%       |
| 09/07/10         | Enterprise Products Partners    | Enterprise GP Holdings         | 4.60%                                    | 4.00%       | 4.34%   | 3.77%       |
| 08/09/10         | Inergy                          | Inergy Holdings                | 5.30%                                    | 4.85%       | 5.06%   | 4.56%       |
| 07/22/10         | Crestwood Midstream Partners    | Quicksilver Gas Services       | 5.83%                                    | 4.87%       | 2.80%   | 1.40%       |
| 06/11/10         | Buckeye Partners                | Buckeye GP Holdings            | 4.90%                                    | 4.29%       | 4.89%   | 4.30%       |
| 03/03/09         | Magellan Midstream Partners     | Magellan Midstream Holdings    | 8.82%                                    | 8.24%       | 8.82%   | 8.24%       |
| 09/05/07         | MarkWest Energy Partners        | MarkWest Hydrocarbon           | 8.40%                                    | 7.01%       | 8.55%   | 6.91%       |
| 05/08/07         | Enterprise GP Holdings          | TEPPCO Partners                | 6.20%                                    | 5.77%       | 6.15%   | 5.69%       |
| 11/01/06         | Energy Transfer Equity          | Energy Transfer Partners (50%) | 6.46%                                    | 5.68%       | 6.46%   | 5.68%       |
| 06/12/06         | Plains All American Pipeline    | Pacific Energy Partners        | 3.94%                                    | 4.05%       | 0.95%   | 1.04%       |
| 02/24/05         | EPCO                            | TEPPCO Partners                | 6.81%                                    | 6.38%       | 6.81%   | 6.38%       |
| 11/01/04         | Valero L.P.                     | Kaneb Services                 | 6.47%                                    | 4.66%       | 5.26%   | 3.35%       |

Credit Suisse noted that only one of the selected transactions involved a target corporate general partner and that corporate general partners of oil and gas master limited partnerships often trade at lower yields than general partners organized as a limited partnership or other business entity with pass-through taxation. Taking into account the results of the selected transactions analysis, Credit Suisse applied ranges of yields on after tax distributions of 5.00% to 4.00% to Sunoco management's estimates of 2012E after-tax distributions for Sunoco's general partner interest and incentive distribution rights in Sunoco Logistics, which resulted in an implied enterprise valuation reference range of approximately \$750 million to \$950 million for Sunoco's general partner

**Table of Contents**

interest and incentive distribution rights in Sunoco Logistics. Credit Suisse also noted that the implied after-tax yield on all of Sunoco's interest in its logistics business based on the foregoing and an implied enterprise valuation for Sunoco's limited partner interests in Sunoco Logistics based on the market price for such limited partner interests was 5.00% to 4.50%.

*Retail Business.* With respect to Sunoco's retail business, the financial data reviewed for the selected transactions involving target companies with significant retail fuel distribution businesses included enterprise value (calculated based on the consideration paid in the relevant transaction) as a multiple of latest twelve months EBITDA. The selected transactions and corresponding multiples were:

| Date Announced | Target                 | Acquiror                                | Enterprise Value/<br>LTM EBITDA |
|----------------|------------------------|---|---------------------------------|
| 09/02/10       | Casey's General Stores | 7-Eleven <sup>(1)</sup>                 | 8.4x                            |
| 06/02/10       | Casey's General Stores | Alimentation Couche-Tard <sup>(1)</sup> | 7.5                             |
| 10/21/05       | 7-Eleven               | IYG Holding Company                     | 8.8                             |
| 10/03/03       | Circle K               | Alimentation Couche-Tard                | 5.1                             |
| 12/02/99       | Exxon Mobil            | Tosco                                   | 5.4                             |
| 02/16/96       | Circle K               | Tosco                                   | 5.8                             |

(1) Proposed, but not consummated

Credit Suisse also noted that on March 18, 2012, Alimentation Couche-Tard had announced its proposed acquisition of Statoil Fuel & Retail, a convenience and fuel retailer in Scandinavia, Poland, the Baltic States and Russia for approximately \$3.6 billion or approximately 6.9x Statoil Fuel and Retail's last twelve months EBITDA.

Taking into account the results of the selected transactions analysis with respect to Sunoco's retail business, Credit Suisse applied multiple ranges of 6.5x to 8.0x Sunoco's last twelve months EBITDA for its retail business, which resulted in an implied enterprise valuation reference range of approximately \$1.700 billion to \$2.100 billion for Sunoco's retail business.

*Selected Transactions Analysis - Sum of the Parts.* Credit Suisse then calculated an implied enterprise valuation reference range for Sunoco on a sum-of-the-parts basis by adding (1) a selected transactions implied enterprise valuation reference range for Sunoco's general partner interest and incentive distribution rights in Sunoco Logistics of approximately \$750 million to \$950 million, (2) an implied enterprise valuation for Sunoco's limited partner interests in Sunoco Logistics based on the market price for such limited partner interests of \$1.374 billion, (3) a selected transactions implied enterprise valuation reference range for Sunoco's retail business of approximately \$1.700 billion to \$2.100 billion and (4) the implied enterprise valuation reference range for certain corporate-level assets and other businesses of Sunoco of approximately \$140 million to \$150 million calculated based on the discounted cash flow analysis described above. This sum resulted in an aggregate implied enterprise valuation reference range for Sunoco of approximately \$3.964 billion to \$4.574 billion and an implied per share equity valuation reference range of approximately \$44.85 to \$50.57 per share of Sunoco common stock, as compared to the implied value of the merger consideration of \$50.13 per share of Sunoco common stock.

*Combined Basis**Discounted Cash Flow Analysis*

Credit Suisse also performed a discounted cash flow analysis with respect to Sunoco on a combined basis in reliance on the Sunoco Forecasts. In performing the discounted cash flow analysis with respect to Sunoco, Credit Suisse applied discount rates ranging from 9.0% to 11.0% and long-term dividend growth rates ranging from

**Table of Contents**

2.0% to 3.0% to the projected distributable cash flows and dividends for Sunoco, which resulted in an implied reference range of approximately \$2.330 billion to \$3.399 billion and an implied per share equity valuation reference range of approximately \$37.89 to \$47.93 per share of Sunoco common stock, as compared to the implied value of the merger consideration of \$50.13 per share of Sunoco common stock.

***Financial Analyses with Respect to ETP***

*Selected Companies Analysis*

Credit Suisse considered certain financial data for ETP and for selected companies with publicly traded equity securities that Credit Suisse deemed relevant. The selected companies were selected because they were deemed to be similar to ETP in one or more respects including the nature of their business, size, diversification and financial performance.

The financial data reviewed for the selected companies included:

estimated 2012 distributable cash flow yield on limited partner interests;

estimated 2013 distributable cash flow yield on limited partner interests;

current annualized distributed cash flow yield on limited partner interests;

estimated 2012 distributed cash flow yield on limited partner interests; and

estimated 2013 distributed cash flow yield on limited partner interests.

With respect to ETP, the selected companies with publicly traded equity securities and corresponding financial data were:

|                               | Distributed Cash Flow Yield |       |       | Distributable Cash Flow Yield |       |
|-------------------------------|-----------------------------|-------|-------|-------------------------------|-------|
|                               | Current                     | 2012E | 2013E | 2012E                         | 2013E |
| Kinder Morgan Energy Partners | 5.8%                        | 6.0%  | 6.4%  | 6.0%                          | 6.6%  |
| Enterprise Products Partners  | 4.9%                        | 5.0%  | 5.3%  | 8.0%                          | 6.3%  |
| Williams Partners             | 5.4%                        | 5.6%  | 6.1%  | 6.6%                          | 7.1%  |
| Plains All American Pipeline  | 5.1%                        | 5.3%  | 5.6   |                               |       |