

Energy Transfer Partners, L.P.
Form S-4
June 25, 2012
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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:

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

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 ⁽³⁾
Common Units representing limited partner interests	56,709,855 units ⁽¹⁾	N/A	\$2,368,947,433 ⁽²⁾	\$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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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.

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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

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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. 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, by selecting "Investor Relations," then selecting "SEC Filings" and then selecting the tab named "ETP," and at Sunoco's website, 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 13th Floor

Stamford, CT 06902

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

Shareholders, please call (800) 607-0088

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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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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

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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

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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.

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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

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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

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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.

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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.

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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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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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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;

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- (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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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).

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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.

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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.

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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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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.

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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

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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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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.

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(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				
Statement of Operations Data:										
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		
Balance Sheet Data (at period end):										
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	
Other Financial Data:										
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, 2012	March 31, 2011	2011	2010	2009	2008	2007
Statement of Operations Data:							
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
Per-Share Data Attributable to Sunoco, Inc. Shareholders:							
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
Balance Sheet Data:							
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

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- * 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 Ended March 31, 2012	Year Ended December 31, 2011
Historical ETP		
Earnings from Continuing Operations Per Unit:		
Basic	\$ 4.36	\$ 1.10
Diluted	4.35	1.10
Cash distributions ⁽¹⁾	0.89375	3.575
Book value per unit Diluted ⁽²⁾	28.44	24.47
Historical Sunoco		
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
Pro Forma Combined⁽³⁾		
Earnings Per Unit/Share:		
Basic	\$ 0.58	\$ (1.54)
Diluted	0.58	(1.54)
Book value per unit/share Diluted	31.53	28.16
Equivalent Pro Forma Per Unit/Share⁽⁴⁾		
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 Common Units	Sunoco Common Stock	Equivalent Sunoco Value per Share (Assuming Unit Election)	Equivalent Sunoco Value per Share (Assuming Standard Mix of 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 Distributions Declared	High	Low	Cash Dividends Declared
Fiscal Year Ended December 31, 2012						
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
Fiscal Year Ending December 31, 2011						
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
Fiscal Year Ended December 31, 2010						
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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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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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.

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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.

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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.

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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

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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.

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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