
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

March 8, 2016
Date of Report (Date of earliest event reported)

ENERGY TRANSFER EQUITY, L.P.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-32740
(Commission
File Number)

30-0108820
(IRS Employer
Identification Number)

8111 Westchester Drive, Suite 600
Dallas, Texas 75225
(Address of principal executive offices)

(214) 981-0700
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 3.02. Unregistered Sales of Equity Securities.

On March 8, 2016, Energy Transfer Equity, L.P. (the “**Partnership**”) completed a private offering of Series A Convertible Preferred Units representing limited partner interests in the Partnership (the “**Convertible Units**”) to certain common unitholders who are “accredited investors” (as defined in Regulation D promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”)) (the “**offerees**”).

The Convertible Units were issued to offerees who elected to participate in a plan (the “**Plan**”) to forgo a portion of their future potential cash distributions on common units participating in the Plan for a period of up to nine fiscal quarters, commencing with distributions for the fiscal quarter ending March 31, 2016 (the “**plan period**”), and reinvest those distributions in the Convertible Units. Each offeree who elected to participate in the Plan (an “**Electing Unitholder**”) received one Convertible Unit for each common unit that such Electing Unitholder validly elected to participate in the Plan (each such common unit, a “**Participating Common Unit**”). The Convertible Units will automatically convert into common units at the Conversion Price (defined below) at the end of the plan period as described below.

The Partnership issued 329,299,267 Convertible Units to the Electing Unitholders at the closing of the offering (the “**Closing**”), which represents the participation by common unitholders with respect to approximately 31.5% of the Partnership’s total outstanding common units. The Partnership’s Chairman, Kelcy Warren, participated in the Plan with respect to substantially all of his common units, which represent approximately 18% of the Partnership’s total outstanding common units, and was issued 187,313,942 Convertible Units.

The Partnership expects to use the net proceeds realized from the reinvestment of forgone distributions on Participating Common Units for general partnership purposes, which could include repayment of debt proposed to be incurred in connection with the acquisition of The Williams Companies, Inc. (“**WMB**”), the acquisition of equity securities of Energy Transfer Partners, L.P. (“**ETP**”) or other transactions to provide financial support to ETP. The Plan reflects the Partnership’s broader strategy to be proactive in maintaining its credit rating and enhancing its liquidity position. The Partnership has presented the Plan to the credit rating agencies and has received favorable reactions from the agencies for the Plan. The Plan, together with other actions available to the Partnership, is designed to place the Partnership in the strongest possible financial position for 2016 and 2017.

Initially, the Partnership intended to provide the opportunity to participate in the Plan to all of its common unitholders on substantially the same terms as the private offering. The merger agreement entered into by the Partnership and WMB requires each party to obtain the other party’s consent to take certain actions prior to the closing of the merger. The Partnership believes that the terms of the merger agreement permitted the Partnership to provide the opportunity to participate in the Plan to all of its common unitholders. In order to offer participation in the Plan to all of its common unitholders, the Partnership would have been required to file a registration statement with the Securities and Exchange Commission (the “**SEC**”) relating to the public offering of the Convertible Units. Such a filing would require the consent of WMB’s independent registered accounting firm to the incorporation by reference in the registration statement of its report on WMB’s audited financial statements. However, after the Partnership advised WMB of the Partnership’s intention to pursue a public offering of the Convertible Units pursuant to the Plan, WMB declined to allow its independent registered accounting firm to provide the auditor consent required to be included in a registration statement for a public offering. As a result, in light of what the Partnership viewed as an important step to address potential cash needs (including to finance part of the consideration payable to WMB stockholders in the merger), the Partnership determined to conduct a private offering to certain accredited investors that was not subject to the SEC rules requiring the consent of WMB’s independent registered accounting firm. In connection with the proposed public offering, WMB advised the Partnership that WMB believed its consent was required under the merger agreement for the public offering and declined to consent. The Partnership believes that both the proposed public offering and the completed private offering are permitted by the terms of the merger agreement and as a result did not request WMB’s consent to pursue the private offering.

Terms of the Plan and the Convertible Units

Electing Unitholders received one Convertible Unit for each Participating Common Unit. With respect to each quarter for which the declaration date and record date occurs prior to the closing of the Partnership’s acquisition of WMB, or earlier termination of the merger agreement relating to such acquisition (the “**WMB End Date**”), each Participating Common Unit will receive the same cash distribution as all other common units up to \$0.11 per unit, which represents approximately 40% of the per unit distribution paid with respect to the Partnership’s common units for the quarter ended December 31, 2015 (the “**Preferred Distribution Amount**”), and the holder of such Participating Common Unit will forgo all cash distributions in excess of that amount (other than extraordinary distributions).

With respect to each quarter for which the declaration date and record date occurs after the WMB End Date, each Participating Common Unit will forgo all distributions for each such quarter (other than extraordinary distributions), and each Convertible Unit will receive the Preferred Distribution Amount payable in cash prior to any distribution on the Partnership’s common units (other than extraordinary distributions). Extraordinary distributions include (i) any non-cash distribution or (ii) any cash distribution that is materially and substantially greater, on a per unit basis, than the Partnership’s most recent regular quarterly distribution, as determined by the Partnership’s general partner.

The plan period will end on the first business day following the date that is the earliest of (a) May 18, 2018, (b) the date upon which the Convertible Units would be convertible into 136,612,021 common units (the quotient of \$1.0 billion and the closing price of the common units on the New York Stock Exchange on the closing date of the private offering), (c) the date of a change of control of the Partnership or (d) the date of the dissolution of the Partnership.

At the end of the plan period, each Convertible Unit will automatically convert into common units, the number of which will be determined by dividing (a) the Conversion Value (as defined and described below) at the end of the plan period by (b) \$6.56, which is 95% of the five-day volume-weighted average closing price of the Partnership’s common units on the New York Stock Exchange on the date immediately prior to the commencement of the private offering (the “**Conversion Price**”).

The conversion value of each Convertible Unit (the “**Conversion Value**”) on the closing date of the offering is zero. The Conversion Value will increase each quarter in an amount equal to \$0.285, which is the per unit amount of the cash distribution paid with respect to the Partnership’s common units for the quarter ended December 31, 2015, less the cash distribution actually paid with respect to each Convertible Unit for such quarter (or, if prior to the WMB End Date, each Participating Common Unit). Any cash distributions in excess of \$0.285 per common unit, and any extraordinary distributions, made with respect to any quarter during the plan period will be disregarded for purposes of calculating the Conversion Value.

The Convertible Units, as well as all Participating Common Units owned by the Electing Unitholders, are not transferable during the plan period without the prior written consent of the Partnership’s general partner. Further, in connection with their participation in the Plan, Electing Unitholders have agreed not to enter into any hedging transaction (including the purchase of any puts, calls or other derivative instruments) with respect to any equity or equity-linked securities of the Partnership during the plan period.

The Convertible Units were issued to the Electing Unitholders in a private offering pursuant to exemptions from registration in Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. The Convertible Units and the common units issuable upon the conversion of the Convertible Units have not been registered under the Securities Act and may not be offered or sold in the United States absent registration with the Securities and Exchange Commission (the “**SEC**”) or an applicable exemption from such registration requirements.

The foregoing description of the Convertible Units is subject to and qualified in its entirety by reference to the full text of the LPA Amendment (as defined below), which is filed as Exhibit 3.1 to this Current Report on Form 8-K and incorporated into this Item 3.02 in its entirety by reference.

Item 5.03. Amendment to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On March 8, 2016, LE GP, LLC, the general partner of the Partnership, adopted Amendment No. 5 to the Third Amended and Restated Agreement of Limited Partnership of Energy Transfer Equity, L.P., dated as of February 8, 2006 (the “**LPA Amendment**”), pursuant to which the designations, preferences and relative participating, optional or other special rights, powers and duties of holders of the Convertible Units were established. A copy of the LPA Amendment is attached hereto as Exhibit 3.1 and is incorporated by reference into this Item 5.03. The foregoing summary of the LPA Amendment does not purport to be complete and is qualified in its entirety by reference to Exhibit 3.1 hereto.

Item 8.01. Other Events.

The information in Item 3.02 of this Current Report on Form 8-K is incorporated into this Item 8.01 by reference.

Forward-looking Statements

This Current Report on Form 8-K may contain forward-looking statements. These forward-looking statements may include, but are not limited to, statements regarding the potential merger of the Partnership and WMB, the expected future performance of the combined company (including expected results of operations and financial guidance), and the combined company’s future financial condition, operating results, strategy and plans. Forward-looking statements may be identified by the use of the words “anticipates,” “expects,” “intends,” “plans,” “should,” “could,” “would,” “may,” “will,” “believes,” “estimates,” “potential,” “target,” “opportunity,” “designed,” “create,” “predict,” “project,” “seek,” “ongoing,” “increases” or “continue” and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to numerous assumptions, risks and uncertainties that change over time and could cause actual results to differ materially from those described in the forward-looking statements. These assumptions, risks and uncertainties include, but are not limited to, assumptions, risks and uncertainties discussed in the most recent Annual Report on Form 10-K for each of the Partnership, Energy Transfer Partners L.P. (“**ETP**”), Sunoco Logistics Partners L.P. (“**SXL**”), Sunoco LP (“**SUN**”), WMB and Williams Partners LP (“**WPZ**”) filed with the SEC and assumptions, risks and uncertainties relating to the proposed transaction, as detailed from time to time in the Partnership’s, ETP’s, SXL’s, SUN’s, WMB’s and WPZ’s filings with the SEC, which factors are incorporated herein by reference. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this Current Report are set forth in other reports or documents that the Partnership, ETP, SXL, SUN, WMB and WPZ file from time to time with the SEC include, but are not limited to: (1) the ultimate outcome of any business combination transaction between the Partnership, Energy Transfer Corp LP (“**ETC**”) and WMB; (2) the ultimate outcome and results of integrating the operations of the Partnership and WMB, the ultimate outcome of the Partnership’s operating strategy applied to WMB and the ultimate ability to realize cost savings and synergies; (3) the effects of the business combination transaction of the Partnership, ETC and WMB, including the combined company’s future financial condition, operating results, strategy and plans; (4) the ability to obtain required regulatory approvals and meet other closing conditions to the transaction, including approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and WMB stockholder approval, on a timely basis or at all; (5) the reaction of the companies’ stockholders, customers, employees and counterparties to the proposed transaction; (6) diversion of management time on transaction-related issues; (7) unpredictable economic conditions in the United States and other markets, including fluctuations in the market price of the Partnership’s common units and ETC common shares; (8) the ability to obtain the intended tax treatment in connection with the issuance of ETC common shares to WMB stockholders; and (9) the ability to maintain ETP’s, SXL’s, SUN’s, WMB’s and WPZ’s current credit ratings. All forward-looking statements attributable to the Partnership or any person acting on the Partnership’s behalf are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on any of these forward-looking statements. These forward-looking statements speak only as of the date hereof. Neither the Partnership nor WMB undertakes any obligation to update any of these forward-looking statements to reflect events or circumstances after the date of this Current Report or to reflect actual outcomes.

Additional Information

This Current Report does not constitute an offer to buy or solicitation of an offer to sell any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended. This Current Report relates to the entry by the Partnership and WMB into definitive agreements for a combination of the two companies. In furtherance of this proposal and subject to future developments, the Partnership, ETC and WMB may file one or more registration statements, proxy statements or other documents with the SEC. This Current Report is not a substitute for any proxy statement, registration statement, prospectus or other document the Partnership, ETC or WMB may file with the SEC in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF THE PARTNERSHIP AND WMB ARE URGED TO READ THE PROXY STATEMENT(S), REGISTRATION STATEMENT, PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED BUSINESS COMBINATION TRANSACTION. Any definitive proxy statement(s) (if and when available) will be mailed to stockholders of WMB. Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by the Partnership, ETC and WMB through the web site maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed by the Partnership and ETC with the SEC will be available free of charge on the Partnership’s website at

www.energytransfer.com or by contacting Investor Relations at 214-981-0700 and copies of the documents filed by WMB with the SEC will be available on WMB's website at investor.williams.com.

The Partnership and its directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding the directors and officers of the Partnership's general partner is contained in the Partnership's Annual Report on Form 10-K filed with the SEC on February 29, 2016 (as it may be amended from time to time). Additional information regarding the interests of such potential participants will be included in the proxy statement/prospectus and other relevant documents filed with the SEC if and when they become available. Investors should read the proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from the Partnership using the sources indicated above.

WMB and its directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding the directors and officers of WMB is contained in WMB's Annual Report on Form 10-K filed with the SEC on February 26, 2016 (as it may be amended from time to time). Additional information regarding the interests of such potential participants will be included in the proxy statement/prospectus and other relevant documents filed with the SEC if and when they become available. Investors should read the proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from WMB using the sources indicated above.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99.1 to this current report presents the following unaudited pro forma condensed combined financial information of the Partnership and its subsidiaries relating to the Partnership's acquisition of WMB, which has been prepared in accordance with Article 11 of Regulation S-X:

- Unaudited pro forma condensed combined balance sheet as of December 31, 2015;
- Unaudited pro forma condensed combined statement of continuing operations for the year ended December 31, 2015; and
- Notes to unaudited pro forma condensed combined financial statements.

See the Exhibit Index set forth below for a list of exhibits included with this Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Energy Transfer Equity, L.P.

By: LE GP, LLC,
its general partner

Date: March 9, 2016

By: /s/ John W. McReynolds
John W. McReynolds
President

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of the Exhibit</u>
3.1	Amendment No. 5 to the Third Amended and Restated Agreement of Limited Partnership of Energy Transfer Equity, L.P., dated as of March 8, 2016.
99.1	Unaudited Pro Forma Condensed Combined Financial Statements.

**AMENDMENT NO. 5
TO
THIRD AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
ENERGY TRANSFER EQUITY, L.P.**

This Amendment No. 5 (this "Amendment") to the Third Amended and Restated Agreement of Limited Partnership of Energy Transfer Equity, L.P., a Delaware limited partnership (the "Partnership"), dated as of February 8, 2006 (as amended, the "Partnership Agreement"), is entered into effective as of March 8, 2016 by LE GP, LLC, a Delaware limited liability company (the "General Partner"), as the general partner of the Partnership, on behalf of itself and the Limited Partners of the Partnership. Capitalized terms used but not defined herein are used as defined in the Partnership Agreement.

RECITALS

WHEREAS, Section 5.8 of the Partnership Agreement provides that the General Partner, without the approval of any Limited Partner except as otherwise provided in the Partnership Agreement, may, for any Partnership purpose, at any time or from time to time, issue additional Partnership Securities to such Persons for such consideration and on such terms and conditions as the General Partner shall determine in its sole discretion;

WHEREAS, Section 13.1(g) of the Partnership Agreement provides that the General Partner, without the approval of any Partner, may amend any provision of the Partnership Agreement to reflect an amendment that the General Partner determines is necessary or appropriate in connection with the authorization of issuance of any class or series of Partnership Securities pursuant to Section 5.8 of the Partnership Agreement;

WHEREAS, Section 13.1(d)(i) of the Partnership Agreement provides that the General Partner, without the approval of any Partner, may amend any provision of the Partnership Agreement to reflect a change that the General Partner determines does not adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to other classes of Partnership Interests) in any material respect;

WHEREAS, in accordance with Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 of Regulation D, the Partnership is offering to certain holders of Common Units who are "accredited investors" (as defined in Regulation D promulgated under the Securities Act) the right to participate in a plan (the "Plan") that will allow such holders to make a one-time election to forgo certain distributions on some or all of their Common Units for a period of up to nine Quarters commencing with distributions for the Quarter ending March 31, 2016, and reinvest those distributions in Series A Convertible Preferred Units (the "Series A Convertible Units"), a new class of Units representing limited partner interests in the Partnership that are convertible into Common Units on the Convertible Unit Conversion Date (as defined below), all as more fully described in this Amendment and in the Partnership's Confidential Private Placement Memorandum dated February 29, 2016 relating to the Plan and the Series A Convertible Units and the Common Units to be issued upon conversion thereof;

WHEREAS, the Conflicts Committee of the Board of Directors of the General Partner (the "**Board**"), by unanimous vote, in good faith, (a) approved the Plan and the issuance of the Series A Convertible Units pursuant to the Plan and (b) resolved to recommend to the Board the approval of the Plan and the issuance of the Series A Convertible Units pursuant to the Plan;

WHEREAS, the foregoing approval of the Plan and the issuance of the Series A Convertible Units pursuant to the Plan by the Conflicts Committee constitutes Special Approval for all purposes under the Partnership Agreement, including but not limited to Section 7.9 thereof;

WHEREAS, the Audit and Conflicts Committee (as defined in the Amended and Restated Limited Liability Company Agreement of LE GP, LLC, dated as of May 7, 2007 (as amended to date, the "**Company Agreement**")), in good faith, (a) approved the Plan and the issuance of the Series A Convertible Units pursuant to the Plan and (b) resolved to recommend to the Board the approval of the Plan and the issuance of the Series A Convertible Units pursuant to the Plan;

WHEREAS, the foregoing approval of the Plan and the issuance of the Series A Convertible Units pursuant to the Plan by the Audit and Conflicts Committee constitutes Special Approval (as defined in the Company Agreement) for purposes under the Company Agreement;

WHEREAS, the Board, for and on behalf of the General Partner, acting in its individual capacity and in its capacity as general partner of the Partnership, has determined that the Plan, including the creation and issuance of the Series A Convertible Units, is in the best interests of the Partnership and beneficial to the Limited Partners, including the holders of Common Units, and has approved the Plan and the issuance of the Series A Convertible Units pursuant to the Plan;

WHEREAS, the issuance of the Series A Convertible Units complies with the requirements of the Partnership Agreement;

WHEREAS, the General Partner has determined, pursuant to Section 13.1(g) of the Partnership Agreement, that the amendments to the Partnership Agreement set forth herein are necessary or appropriate in connection with the authorization of issuance of the Series A Convertible Units; and

WHEREAS, the General Partner has determined, pursuant to Section 13.1(d)(i) of the Partnership Agreement, that, if and to the extent any amendments set forth herein are not necessary or appropriate in connection with the authorization of the issuance of the Series A Convertible Units, such amendments to the Partnership Agreement set forth herein do not adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to other classes of Partnership Interests) in any material respect.

NOW, THEREFORE, the Partnership Agreement is hereby amended as follows:

Section 1. Amendments.

(a) Section 1.1 of the Partnership Agreement is hereby amended to add or amend and restate the following definitions:

“*As-Converted Basis*” means, with respect to each Series A Convertible Unit on any date of determination, as if the Convertible Unit Conversion Date had occurred on such date and such Series A Convertible Unit had converted into Common Units based on the Conversion Value and Conversion Price as of such date in accordance with Section 5.15(b)(iii).

“*Change of Control*” means (i) any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act, except that such person or group shall be deemed to have “beneficial ownership” of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the Voting Stock of the Partnership or the General Partner (or their respective successors by merger, consolidation or purchase of all or substantially all of their respective assets) or (ii) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Partnership and its Subsidiaries taken as a whole to any Person other than a Permitted Holder.

“*Common Unit Threshold*” means a number of Common Units equal to the quotient of \$1,000,000,000 and the closing price of the Common Units on the New York Stock Exchange on the Series A Convertible Unit Issue Date.

“*Conversion Price*” has the meaning set forth in Section 5.15(b)(iii).

“*Conversion Value*” means, with respect to each Series A Convertible Unit, as of any date of determination, the dollar value of the sum of (a) the aggregate amount of the Initial Period Accretion Amounts and (b) the aggregate amount of the Subsequent Period Accretion Amounts, in each case during the period commencing on the Series A Convertible Unit Issue Date and ending on the date of determination.

“*Conversion Value Cap*” means \$0.285.

“*Converted Common Units*” means Common Units issued upon the conversion of the Series A Convertible Units on the Convertible Unit Conversion Date.

“*Convertible Unit Conversion Date*” has the meaning set forth in Section 5.15(b)(iii).

“*ETC*” means Energy Transfer Corp LP, a Delaware limited partnership, and any successors thereto.

“*Extraordinary Distributions*” means (a) any non-cash distribution or (b) any cash distribution that is materially and substantially greater, on a per unit basis, than the Partnership’s most recent regular quarterly distribution, as determined by the General Partner.

“*Initial Quarter*” has the meaning set forth in Section 6.3(e).

“*Initial Period Accretion Amount*” has the meaning set forth in Section 5.15(b)(ii).

“*Limited Partner Interest*” means the ownership interest of a Limited Partner or Assignee in the Partnership, which may be evidenced by Common Units, Series A Convertible Units or other Partnership Securities or a combination thereof or interest therein, and includes any and all benefits to which such Limited Partner or Assignee is entitled as provided in this Agreement, together with all obligations of such Limited Partner or Assignee to comply with the terms and provisions of this Agreement.

“*Memorandum*” means the Partnership’s Confidential Private Placement Memorandum dated February 29, 2016 relating to the Plan and the Series A Convertible Units and the Converted Common Units, including the Election Form and Letter of Transmittal, the form of which is attached as Annex A to the Memorandum.

“*Merger Closing Date*” means the closing date of the Williams Merger.

“*Merger Termination Date*” means the date of termination of the Williams Merger Agreement.

“*Participating Common Units*” means each Common Unit for which a Plan Offeree makes a valid election (and does not validly revoke such election) to participate in the Plan in accordance with, and subject to the terms of, the Memorandum.

“*Partnership Security*” means any class or series of equity interest in the Partnership (but excluding any options, rights, warrants and appreciation rights relating to an equity interest in the Partnership) and General Partner Units and any General Partner Interest represented thereby, including without limitation, Common Units and Series A Convertible Units.

“*Permitted Holders*” means (i) any of Kelcy L. Warren, his heirs at law, entities or trusts owned by or established for the benefit of such individual or his heirs at law (such as entities or trusts established for estate planning purposes), (ii) the MLP or any other Person under the management or control of the MLP, (iii) ETC or any other Person under the management or control of ETC and (iv) the General Partner and entities owned solely by existing and former management employees of the General Partner.

“*Plan*” means the plan of the Partnership pursuant to which a Plan Offeree may make a one-time election to forgo certain distributions on some or all of their Common Units for a period of up to nine Quarters commencing with distributions for the Quarter ending March 31, 2016, and reinvest those distributions in Series A Convertible Units, all as more fully described in the Memorandum.

“*Plan Offeree*” means any Unitholder who has been provided the opportunity to participate in the Plan in accordance with, and subject to, the terms of the Memorandum.

“*Record Holder*” means the Person in whose name a Common Unit is registered on the books of the Transfer Agent as of the opening of business on a particular Business Day, or with respect to other Partnership Interests, including without limitation any Series A Convertible Units, the Person in whose name any such other Partnership Interest is registered on the books of the Transfer Agent or the books that the General Partner has caused to be kept, as the case may be, as of the opening of business on such Business Day.

“*Series A Convertible Units*” means the series of Units designated as Series A Convertible Preferred Units pursuant to Section 5.15.

“*Series A Convertible Unit Distribution Amount*” means \$0.11 per Unit.

“*Series A Convertible Unit Issue Date*” means the date the Series A Convertible Units are issued.

“*Subsequent Quarter*” has the meaning set forth in Section 6.3(f).

“*Subsequent Period Accretion Amount*” has the meaning set forth in Section 5.15(b)(ii).

“*Unit*” means a Partnership Security that is designated as a “Unit” and shall include Common Units and Series A Convertible Units but shall not include General Partner Units (or the General Partner Interest represented thereby).

“*Unit Majority*” means at least a majority of the Outstanding Common Units and Outstanding Series A Convertible Units, in each case if applicable, voting together as a single class and on an As-Converted Basis.

“*Voting Stock*” of any Person as of any date means, with respect to any Person (other than a general or limited partnership), the equity interests of such Person pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors or other governing body of such Person (regardless of whether, at the time, equity interests of any other class or classes shall have, or might have, voting power by reason of the occurrence of any contingency) or, with respect to a partnership (whether general or limited), any general partner interest in such partnership.

“*Williams*” means The Williams Companies, Inc., a Delaware corporation.

“*Williams Merger*” means the merger of Williams with and into ETC pursuant to the Williams Merger Agreement.

“*Williams Merger Agreement*” means that certain Agreement and Plan of Merger dated as of September 28, 2015 among ETC, ETC Corp GP, LLC, the Partnership, the General Partner, Energy Transfer Equity GP, LLC and Williams.

(b) Section 1.1 of the Partnership Agreement is hereby further amended to add the following sentence to the end of the definition of “Common Unit”:

“The term “Common Unit” does not refer to a Series A Convertible Unit prior to the conversion of such Unit into a Common Unit pursuant to the terms hereof.”

(c) Article V of the Partnership Agreement is hereby amended to add a new Section 5.15 creating a new class of Units as follows:

“Section 5.15 *Establishment of Series A Convertible Units.*

(a) *General.* The General Partner hereby designates and creates a class of Units to be designated as “Series A Convertible Preferred Units,” and fixes the designations, preferences and relative, participating, optional or other special rights, powers and duties of holders of the Series A Convertible Units as set forth in this Section 5.15. Upon their issuance in accordance with the terms of the Plan, and in consideration of the agreement by the holders of Participating Common Units to forgo certain distributions with respect to such Participating Common Units in accordance with the Plan, the Series A Convertible Units will be fully paid.

(b) *Rights of Series A Convertible Units.* The Series A Convertible Units shall have the following rights, preferences and privileges and shall be subject to the following duties and obligations:

(i) *Allocations.* For each calendar year during the period commencing upon the Series A Convertible Unit Issue Date and ending on the Convertible Unit Conversion Date, for purposes of allocating items of Partnership income, gain, loss and deduction to each Series A Convertible Unit pursuant to this Agreement, each Series A Convertible Unit will be treated as a Common Unit, determined on an As-Converted Basis as of the last day of such calendar year.

(ii) *Conversion Value.* The Conversion Value of each Series A Convertible Unit as of the Series A Convertible Unit Issue Date shall be zero. For each Initial Quarter, the Conversion Value shall be increased by an amount equal to the Conversion Value Cap less the per unit cash distribution paid with respect to each Participating Common Unit (excluding any Extraordinary Distributions) (the amount of such increase in any Initial Quarter, an “*Initial Period Accretion Amount*”). For each Subsequent Quarter, the Conversion Value shall be increased by an amount equal to the Conversion Value Cap less the per unit cash distribution paid with respect to each Series A Convertible Unit (excluding any Extraordinary Distributions) (the amount of such increase in any Subsequent Quarter, a “*Subsequent Period Accretion Amount*”). For the avoidance of doubt, the payment of an Extraordinary Distribution with respect to an Initial Quarter or Subsequent Quarter will not increase or decrease the Conversion Value of the Series A Convertible Units.

(iii) *Conversion.* Each Series A Convertible Unit shall convert into Common Units as described below on the first Business Day following the earliest to occur of (A) May 18, 2018; (B) the first date upon which the Series A Convertible Units would be

convertible into a number of Common Units that equals the Common Unit Threshold; (C) the date of a Change of Control of the Partnership and (D) the date of dissolution of the Partnership (such earliest date, the “*Convertible Unit Conversion Date*”). On the Convertible Unit Conversion Date, each Series A Convertible Unit shall be converted into a number of Common Units determined by dividing the Conversion Value by a price (the “*Conversion Price*”) equal to \$6.56. No fractional units shall be issued upon conversion of the Series A Convertible Units but cash will be paid in lieu of fractional units based on the five-day volume weighted average closing price of the Common Units on the National Securities Exchange on which the Common Units are listed immediately prior to the Convertible Unit Conversion Date.

(iv) *Voting Rights.* The Series A Convertible Units will have such voting rights under this Agreement as such Series A Convertible Units would have on an As-Converted Basis, except that the Series A Convertible Units shall be entitled to vote as a separate class on any matter that adversely affects the rights or preferences of the Series A Convertible Units in relation to other classes of Partnership Interests or as required by law. The approval of a majority of the Series A Convertible Units shall be required to approve any matter for which the holders of the Series A Convertible Units are entitled to vote as a separate class. The Series A Convertible Units will be entitled to vote together as a single class with the Common Units on an As-Converted Basis on any matter for which the holders of Common Units are entitled to vote, with each Series A Convertible Unit entitled to the number of votes equal to the number of Common Units into which a Series A Convertible Unit is convertible at the time of the record date for the vote or written consent on the matter. Each reference in this Agreement to a vote of holders of Common Units shall be deemed to include the Series A Convertible Units on an As-Converted Basis.

(v) *Certificates; Book-Entry.*

(A) Unless the General Partner shall determine otherwise, the Series A Convertible Units shall not be evidenced by certificates. Any certificates relating to the Series A Convertible Units that may be issued shall be in such form as the General Partner may approve. Any certificates evidencing Series A Convertible Units shall be separately identified and shall not bear the same CUSIP number as the certificates evidencing Common Units.

(B) Any certificate(s) evidencing the Series A Convertible Units and Converted Common Units may be imprinted with a legend in substantially the following form (in addition to the legend required pursuant to Section 4.7(e)):

“THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF UNTIL THE HOLDER THEREOF PROVIDES EVIDENCE SATISFACTORY TO THE GENERAL PARTNER (WHICH, IN THE DISCRETION OF THE GENERAL PARTNER, MAY INCLUDE AN OPINION OF COUNSEL SATISFACTORY

TO THE GENERAL PARTNER) THAT SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE OR OTHER DISPOSITION WILL NOT VIOLATE APPLICABLE FEDERAL OR STATE SECURITIES LAWS. IN ADDITION, THESE SECURITIES ARE SUBJECT TO THE TERMS OF THE THIRD AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF ENERGY TRANSFER EQUITY, L.P., AS AMENDED, INCLUDING THE LIMITATIONS ON TRANSFER SET FORTH IN SECTION 5.15(b)(vi) THEREOF.”

(vi) *Limitations on Transfer.* No Series A Convertible Unit may be transferred, sold, assigned, pledged or otherwise alienated without the prior written consent of the General Partner.

(vii) *Registrar and Transfer Agent.* American Stock Transfer & Trust Company will act as the registrar and transfer agent for the Series A Convertible Units.

(viii) *Splits and Combinations.* For so long as any Series A Convertible Units are Outstanding, to the extent that the Partnership (A) makes a distribution on its Common Units in Common Units, (B) subdivides or splits its Common Units into a greater number of Common Units, or (C) combines or reclassifies its Common Units into a smaller number of Common Units, then the Conversion Value Cap, Conversion Price and Series A Convertible Unit Distribution Amount in effect immediately prior to the effective time of such distribution, subdivision, split, combination or reclassification shall each be proportionally adjusted by a fraction, (x) the numerator of which shall be the number of Common Units Outstanding immediately prior to such distribution, subdivision, split, combination or reclassification and (y) the denominator of which shall be the number of Common Units Outstanding immediately following such distribution, subdivision, split, combination or reclassification.

(ix) *Liquidation.* In the event of any dissolution of the Partnership, either voluntary or involuntary, the Series A Convertible Units shall automatically be converted into Common Units in accordance with Section 5.15(b)(iii) and shall be entitled to receive, out of the assets of the Partnership available for distribution to Unitholders, the positive value in each such holder’s Capital Account in accordance with Section 12.4.”

(d) The first sentence of Section 6.1 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

“For purposes of maintaining Capital Accounts and in determining the rights of the Partners among themselves, the Partnership’s items of income, gain, loss and deduction (computed in accordance with Section 5.6(b)) shall be allocated (subject to Section 5.14(b) and Section 5.15(b)) among the Partners in each taxable year (or portion thereof) as provided herein below.”

(e) Article VI is hereby amended to add a new Section 6.1(d)(xii) as follows:

“(xii) *Series A Convertible Units and Cost Recovery Allocations*. Notwithstanding any other provision of this Agreement to the contrary, for each calendar year in which the Series A Convertible Units are outstanding, prior to any allocations being made to the Common Units pursuant to this Agreement and prior to any allocations being made to the Series A Convertible Units pursuant to Section 5.15(b)(i), a holder of a Series A Convertible Unit shall be allocated depreciation, amortization, depletion or other cost recovery equal to the aggregate Initial Period Accretion Amounts and Subsequent Period Accretion Amounts attributable to such holder’s Series A Convertible Units for such calendar year.”

(f) Section 6.3 is hereby amended and restated to read in its entirety as follows:

“Section 6.3 *Requirement and Characterization of Distributions; Distributions to Record Holders*.

(a) Within 50 days following the end of each Quarter commencing with the Quarter ending on February 28, 2006, an amount equal to 100% of Available Cash with respect to such Quarter shall, subject to Section 17-607 of the Delaware Act, be distributed in accordance with this Article VI by the Partnership to the Partners as of the Record Date selected by the General Partner. All distributions required to be made under this Agreement shall be made subject to Section 17-607 of the Delaware Act.

(b) Notwithstanding Section 6.3(a), in the event of the dissolution and liquidation of the Partnership, all receipts received during or after the Quarter in which the Liquidation Date occurs shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4.

(c) The General Partner may treat taxes paid by the Partnership on behalf of, or amounts withheld with respect to, all or less than all of the Partners, as a distribution of Available Cash to such Partners.

(d) Each distribution in respect of a Partnership Interest shall be paid by the Partnership, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holder of such Partnership Interest as of the Record Date set for such distribution. Such payment shall constitute full payment and satisfaction of the Partnership’s liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

(e) Subject to Section 6.3(g), for each Quarter as to which the declaration date and the Record Date for a Quarterly distribution with respect to the Common Units occurs (1) during the period commencing on the Series A Convertible Unit Issue Date and ending on the earlier to occur of (i) the Merger Termination Date and (ii) the Merger Closing Date (each, an “*Initial Quarter*”), and (2) for each Quarter as to which the declaration date and the Record Date for a Quarterly distribution with respect to the Common Units occurs after the Convertible Unit Conversion Date, Available Cash with respect to such Quarter shall be distributed to the General Partner and to the holders of the Common Units, in accordance with their respective Percentage Interests, until there has been distributed an amount equal to 100% of Available Cash.

(f) Subject to Section 6.3(g), for each Quarter as to which the declaration date and the Record Date for a Quarterly distribution with respect to the Common Units occurs during the period commencing on the earlier to occur of (i) the Merger Termination Date and (ii) the Merger Closing Date and ending on the Convertible Unit Conversion Date (each, a "*Subsequent Quarter*"), Available Cash with respect to such Subsequent Quarter shall be distributed:

- (1) first, prior to any distributions being made to the holders of the Common Units and the General Partner, to the holders of the Series A Convertible Units, Pro Rata, until there has been distributed with respect to each Series A Convertible Unit an amount equal to the Series A Convertible Unit Distribution Amount; and
- (2) thereafter, to the holders of the Common Units and the General Partner, in accordance with their respective Percentage Interests, until there has been distributed an amount equal to 100% of Available Cash.

(g) Notwithstanding anything in this Sections 6.3 to the contrary, with respect to any Initial Quarter or Subsequent Quarter, any distribution constituting an Extraordinary Distribution shall be distributed to the General Partner and the holders of the Common Units and Series A Convertible Units, in accordance with their respective Percentage Interests, and on an As-Converted Basis."

(g) Article VI is hereby amended to add a new Section 6.8 as follows:

"Section 6.8 *Special Provisions Relating to the Holders of Series A Convertible Units.*

(a) Notwithstanding anything to the contrary set forth in this Agreement, the holders of the Series A Convertible Units (i) shall (A) possess the rights, preferences and privileges and be subject to the duties and obligations provided in this Agreement with respect to a Limited Partner pursuant to Article III and Article VII and (B) have a Capital Account as a Partner pursuant to Section 5.6 and all other provisions related thereto and be entitled to vote on any matters requiring the approval of the holders of Outstanding Units, and (ii) shall not (A) be entitled to any distributions other than as provided in Section 5.15, Article VI or Article XII or (B) be allocated items of income, gain, loss or deduction other than as specified in Section 5.15 or Article VI.

(b) At the Convertible Unit Conversion Date, a holder of (i) a Participating Common Unit or (ii) a Converted Common Unit shall be allocated all or any portion of Partnership Unrealized Gain or Unrealized Loss, and thereafter, to the extent necessary, items of income, gain, loss or deduction such that the Per Unit Capital Amount with respect to each Common Unit referred to in clause (i) or clause (ii) above is equal to the Per Unit Capital Amount with respect to the Common Units (other than Participating Common Units) then outstanding."

Section 2. Ratification of Partnership Agreement. Except as expressly modified and amended herein, all of the terms and conditions of the Partnership Agreement shall remain in full force and effect.

Section 3. Governing Law. This Amendment will be governed by and construed in accordance with the laws of the State of Delaware.

Section 4. Counterparts. This Amendment may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

Section 5. Severability. If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof, or of such provision in other respects, shall not be affected thereby.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first written above.

GENERAL PARTNER:

LE GP, LLC

By: /s/ John W. McReynolds
John W. McReynolds
President

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted as limited partners of the Partnership, pursuant to the Powers of Attorney now and hereafter executed in favor of, and granted and delivered to, the General Partner.

By: LE GP, LLC, General Partner of Energy Transfer Equity, L.P., as attorney-in-fact for all Limited Partners pursuant to the Powers of Attorney granted pursuant to Section 2.6 of the Partnership Agreement.

By: /s/ John W. McReynolds
John W. McReynolds
President

[Signature Page to Amendment No. 5 to ETE Partnership Agreement]

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ENERGY TRANSFER EQUITY, L.P.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The merger transactions included in these unaudited pro forma financial statements include (i) the proposed merger of Energy Transfer Corp LP (“ETC”) with The Williams Companies, Inc. (“WMB”) and (ii) ETC’s contribution to Energy Transfer Equity, L.P. (“ETE”) of substantially all of the WMB assets and liabilities that ETC assumes in its merger with WMB, in exchange for a number of Class E units to be issued by ETE.

The unaudited pro forma condensed combined statement of continuing operations for the fiscal year ended December 31, 2015 has been prepared to illustrate the estimated effects of the merger transactions as if the merger transactions were completed on January 1, 2015.

The unaudited pro forma condensed combined balance sheet as of December 31, 2015 has been prepared to illustrate the estimated effects of the merger transactions as if the merger transactions were completed on December 31, 2015.

The unaudited pro forma condensed combined financial statements have been presented for informational purposes only. The pro forma information is not necessarily indicative of what ETE’s financial position or results of operations actually would have been had the proposed merger transactions been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial statements do not purport to project the future financial position or operating results of ETE.

The unaudited pro forma adjustments, which ETE believes are reasonable under the circumstances, are preliminary and are based upon available information and certain assumptions described in the accompanying notes to the unaudited pro forma condensed combined financial information. Actual results and valuations may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial statements have been prepared using the purchase method of accounting under existing generally accepted accounting principles in the U.S. ETE has been treated as the acquirer in the combination for accounting purposes. The acquisition accounting is dependent upon certain valuations and other studies that have yet to progress to a stage where there is sufficient information for a definitive measurement. ETE intends to complete the valuations and other studies upon completion of the combination as soon as practicable within the measurement period in accordance with ASC 805, Business Combinations, but in no event later than one year following the closing date. The assets and liabilities of WMB have been measured based on various preliminary estimates using assumptions that ETE believes are reasonable based on information that is currently available. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing pro forma financial statements prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Differences between these preliminary estimates and the final accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company’s future results of operation and financial position.

In addition, the unaudited pro forma condensed combined financial statements do not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the completion of the merger transactions, the costs to integrate the operations of ETE, ETE’s subsidiaries and WMB or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

The unaudited pro forma condensed combined financial statements, including the notes thereto, should be read in conjunction with the historical consolidated financial statements and related notes of ETE and the historical consolidated financial statements and related notes of WMB.

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
December 31, 2015
(in millions)

	<u>ETE Historical</u>	<u>WMB Historical</u>	<u>WMB Pro Forma Adjustments</u>		<u>ETE Pro Forma for Merger</u>
<u>ASSETS</u>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 606	\$ 100	\$ —		\$ 706
Accounts receivable, net	2,519	1,041	(5)	a	3,555
Inventories	1,636	127	—		1,763
Other current assets	649	259	—		908
Total current assets	<u>5,410</u>	<u>1,527</u>	<u>(5)</u>		<u>6,932</u>
PROPERTY, PLANT AND EQUIPMENT, net	48,683	29,579	(4,128)	b	74,134
ADVANCES TO AND INVESTMENTS IN UNCONSOLIDATED AFFILIATES	3,462	7,336	2,369	b	13,167
GOODWILL	7,473	47	15,412	b	22,932
INTANGIBLE ASSETS, net	5,431	9,970	1,383	b	16,784
OTHER NON-CURRENT ASSETS, net	730	561	—		1,291
Total assets	<u>\$ 71,189</u>	<u>\$ 49,020</u>	<u>\$ 15,031</u>		<u>\$ 135,240</u>
<u>LIABILITIES AND EQUITY</u>					
CURRENT LIABILITIES:					
Accounts payable	\$ 2,302	\$ 744	\$ (5)	a	\$ 3,041
Accrued and other current liabilities	2,477	1,078	—		3,555
Commercial paper	—	499	—		499
Current maturities of long-term debt	131	176	—		307
Total current liabilities	<u>4,910</u>	<u>2,497</u>	<u>(5)</u>		<u>7,402</u>
LONG-TERM DEBT, less current maturities	36,837	23,812	5,992	c	62,260
			(4,381)	b	
DEFERRED INCOME TAXES	4,590	4,218	(4,099)	b	4,709
OTHER NON-CURRENT LIABILITIES	1,206	2,268	—		3,474
COMMITMENTS AND CONTINGENCIES					
REDEEMABLE NONCONTROLLING INTEREST	15	—	—		15
PREFERRED UNITS OF SUBSIDIARY	33	—	—		33
EQUITY:					
Stockholders' equity	—	6,590	(6,590)	c	—
Partners' capital	(932)	—	25,062	c	24,130
Accumulated other comprehensive loss	—	(442)	442	b	—
Total partners' capital and stockholders' equity	<u>(932)</u>	<u>6,148</u>	<u>18,914</u>		<u>24,130</u>
Noncontrolling interest	24,530	10,077	(1,390)	b	33,217
Total equity	<u>23,598</u>	<u>16,225</u>	<u>17,524</u>		<u>57,347</u>
Total liabilities and equity	<u>\$ 71,189</u>	<u>\$ 49,020</u>	<u>\$ 15,031</u>		<u>\$ 135,240</u>

See accompanying notes to unaudited pro forma condensed combined financial statements.

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF CONTINUING OPERATIONS
For the Year Ended December 31, 2015
(in millions, except per unit data)

	ETE Historical	WMB Historical	WMB Pro Forma Adjustments		ETE Pro Forma for Merger
REVENUES	\$42,126	\$ 7,360	\$ (28)	a	\$ 49,458
COSTS AND EXPENSES:					
Cost of products sold	34,009	1,779	(28)	a	35,760
Operating expenses	2,661	1,655	—		4,316
Depreciation, depletion and amortization	2,079	1,738	(154)	d	3,663
Selling, general and administrative	639	741	—		1,380
Impairment losses	339	1,307	—		1,646
Other	—	(86)	—		(86)
Total costs and expenses	<u>39,727</u>	<u>7,134</u>	<u>(182)</u>		<u>46,679</u>
OPERATING INCOME	2,399	226	154		2,779
OTHER INCOME (EXPENSE):					
Interest expense, net of interest capitalized	(1,643)	(1,044)	(330)	e	(3,017)
Equity in earnings of unconsolidated affiliates	276	335	(151)	d	460
Impairment of equity method investments	—	(1,359)	—		(1,359)
Gains (losses) on interest rate derivatives	(18)	—	—		(18)
Other, net	(21)	129	—		108
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX					
EXPENSE	993	(1,713)	(327)		(1,047)
Income tax expense (benefit) from continuing operations	(100)	(399)	400	f	(99)
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ 1,093</u>	<u>\$ (1,314)</u>	<u>\$ (727)</u>		<u>\$ (948)</u>
LOSS FROM CONTINUING OPERATIONS PER COMMON UNIT AND CLASS E UNIT -					
Basic and Diluted:					<u>\$ (0.14)</u> g

See accompanying notes to unaudited pro forma condensed combined financial statements.

ENERGY TRANSFER EQUITY, L.P.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(Tabular dollar and share/unit amounts, except per share/unit data, are in millions)

- a. To eliminate intercompany balances and transactions between ETE and WMB.
- b. To record the impacts of applying the purchase method of accounting to the merger transactions. These pro forma adjustments are based on management's preliminary estimates, which may change prior to the completion of the final valuation. The calculation of the estimated purchase price or the estimated fair values ultimately recorded for assets (including goodwill) and liabilities may differ materially from those reflected in the unaudited pro forma condensed consolidated balance sheet, and any such changes could cause our actual results to differ materially from those presented in the unaudited pro forma condensed consolidated statements of operations.

In addition, goodwill may also be impacted by changes in WMB's number of outstanding shares and changes in the trading price of ETE's common units, as such changes would impact the fair value of the total consideration to be paid. An increase or decrease of \$1 in the trading price of ETE's common units would result in a corresponding increase or decrease in goodwill of approximately \$1.14 billion.

The following table summarizes the assumed allocation of the purchase price among the assets acquired and liabilities assumed:

Current assets	\$ 1,527
Property, plant and equipment	25,451
Advances to and investment in unconsolidated affiliates	9,705
Goodwill	15,459
Intangible assets	11,353
Other non-current assets	561
	<u>64,056</u>
Current liabilities	2,497
Long-term debt, less current maturities	19,431
Deferred income taxes	119
Other non-current liabilities	2,268
Noncontrolling interest	8,687
	<u>33,002</u>
Net assets to be recorded by ETE	31,054
Additional deferred taxes recorded by ETC	9,343
Total consideration (see note c. below)	<u>\$21,711</u>

Deferred income taxes related to purchase accounting adjustments are based on an assumed rate of 37%.

The pro forma adjustment to noncontrolling interest is based on the trading price of Williams Partners L.P.'s ("WPZ") common units multiplied by the number of WPZ's outstanding common units, excluding the WPZ common units owned by WMB.

- c. The following is a preliminary estimate of the cash consideration to be paid in the merger transactions, which will be funded from a 364-day secured term loan facility:

Total WMB shares assumed to convert to ETC shares	749
Cash consideration per WMB share	\$ 8
	<u>\$5,992</u>

The following is a preliminary estimate of the equity consideration to be paid in the merger transactions:

Total WMB shares assumed to convert to ETC shares	749
WMB share conversion rate	<u>1.5274</u>
ETC shares assumed to be issued	1,144
ETE closing price as of December 31, 2015	\$ <u>13.74</u>
Assumed fair value of equity consideration	15,719
Assumed cash consideration	<u>5,992</u>
Total Consideration	<u>\$21,711</u>

- d. To record incremental depreciation and amortization expense related to estimated fair values recorded in purchase accounting. Depreciation expense is estimated based on a weighted average useful life of 35 years. Amortization is based on a weighted average useful life of 30 years for intangible assets, as well as the excess fair value related to investments in unconsolidated affiliates.
- e. To record interest expense at ETE's actual rate of 5.5% from borrowings of approximately \$5.99 billion in connection with the merger transactions.
- f. To reverse income tax expense recorded on WMB's historical financial statements, except for estimated amounts related to WMB's consolidated subsidiaries.
- g. Pro forma income from continuing operations per ETE common unit and Class E unit is calculated as follows:

	Year Ended December 31, 2015
Income from continuing operations	\$ (948)
Less: Income from continuing operations attributable to noncontrolling interest in ETP and Sunoco LP	96
Less: Income from continuing operations attributable to noncontrolling interest in WPZ	(743)
Less: General Partner's interest in net income	3
Less: Class D Unitholder's interest in net income	<u>3</u>
Income attributable to ETE limited partners	\$ (307)
Assumed weighted average number of ETE common and Class E units	2,214
Income from continuing operations per common unit and Class E Unit - basic and diluted	\$ (0.14)