



Energy Transfer Equity Reports Second Quarter Results

August 6, 2014

DALLAS--(BUSINESS WIRE)--Aug. 6, 2014-- **Energy Transfer Equity, L.P. (NYSE:ETE)** ("ETE" or the "Partnership") today reported financial results for the quarter ended June 30, 2014.

Distributable Cash Flow, as adjusted, for the three months ended June 30, 2014 was \$218 million compared to \$180 million for the three months ended June 30, 2013, an increase of \$38 million. ETE's net income attributable to partners was \$164 million for the three months ended June 30, 2014 compared to \$127 million for the three months ended June 30, 2013, an increase of \$37 million.

Distributable Cash Flow, as adjusted, for the six months ended June 30, 2014 was \$417 million compared to \$358 million for the six months ended June 30, 2013, an increase of \$59 million. ETE's net income attributable to partners was \$332 million for the six months ended June 30, 2014 compared to \$217 million for the six months ended June 30, 2013, an increase of \$115 million.

The Partnership's key accomplishments during or subsequent to the second quarter include the following:

- In April, ETE amended its Senior Secured Term Loan Agreement to increase the aggregate principal amount to \$1.4 billion and used the proceeds from this \$400 million increase to repay borrowings under our revolving credit facility and for general partnership purposes.
- From January through May, ETE completed its repurchase of ETE common units under its \$1 billion common unit buyback program.
- In May, ETE issued \$700 million aggregate principal amount of its 5.875% senior notes due 2024 in a private placement.
- In June, a wholly-owned subsidiary of ETE purchased 14.4 million Regency Energy Partners LP ("Regency") common units for approximately \$400 million. In July, a wholly-owned subsidiary of ETE purchased an additional 16.5 million Regency common units for approximately \$400 million. Subsequent to these purchases, ETE and ETP together own approximately 24% of the limited partner interest in Regency.
- In July, ETE's Board of Directors approved its seventh consecutive increase in its quarterly distribution to \$0.38 per unit (\$1.52 annualized) on ETE common units for the quarter ended June 30, 2014. Based on the increased distribution rate, ETE's distribution coverage ratio was 1.06x for the quarter.

The Partnership has scheduled a conference call for 8:30 a.m. Central Time, Thursday, August 7, 2014 to discuss its second quarter 2014 results. The conference call will be broadcast live via an internet web cast, which can be accessed through www.energytransfer.com and will also be available for replay on the Partnership's website for a limited time.

The Partnership's principal sources of cash flow are the distributions it receives related to its direct and indirect investments in Energy Transfer Partners, L.P. ("ETP") and Regency, including 100% of ETP's and Regency's general partner interest and incentive distribution rights, ETP common units, Regency common units, ETP Class H Units, and the Partnership's ownership of Trunkline LNG Company, LLC ("Trunkline LNG"). The Partnership's primary cash requirements are for general and administrative expenses, debt service requirements and distributions to its partners.

Energy Transfer Equity, L.P. (NYSE:ETE) is a master limited partnership which owns the general partner and 100% of the incentive distribution rights (IDRs) of Energy Transfer Partners, L.P. (NYSE: ETP), approximately 30.8 million ETP common units, and approximately 50.2 million ETP Class H Units, which track 50% of the underlying economics of the general partner interest and IDRs of Sunoco Logistics Partners L.P. (NYSE: SXL). ETE also owns the general partner and 100% of the IDRs of Regency Energy Partners LP (NYSE: RGP) and approximately 57.2 million RGP common units. On a consolidated basis, ETE's family of companies owns and operates approximately 71,000 miles of natural gas, natural gas liquids, refined products, and crude oil pipelines. For more information, visit the Energy Transfer Equity, L.P. web site at www.energytransfer.com.

Energy Transfer Partners, L.P. (NYSE:ETP) is a master limited partnership owning and operating one of the largest and most diversified portfolios of energy assets in the United States. ETP currently owns and operates approximately 35,000 miles of natural gas and natural gas liquids pipelines. ETP owns 100% of Panhandle Eastern Pipe Line Company, LP (the successor of Southern Union Company) and Sunoco, Inc., and a 70% interest in Lone Star NGL LLC, a joint venture that owns and operates natural gas liquids storage, fractionation and transportation assets. ETP also owns the general partner, 100% of the incentive distribution rights, and approximately 67.1 million common units in Sunoco Logistics Partners L.P. (NYSE: SXL), which operates a geographically diverse portfolio of crude oil and refined products pipelines, terminalling and crude oil acquisition and marketing assets. ETP's general partner is owned by ETE. For more information, visit the Energy Transfer Partners, L.P. web site at www.energytransfer.com.

Regency Energy Partners LP (NYSE: RGP) is a growth-oriented, midstream energy partnership engaged in the gathering and processing, contract compression, treating and transportation of natural gas and the transportation, fractionation and storage of natural gas liquids. RGP also holds a 30% interest in Lone Star NGL LLC, a joint venture that owns and operates natural gas liquids storage, fractionation, and transportation assets in Texas, Louisiana and Mississippi. Regency's general partner is owned by Energy Transfer Equity, L.P. (NYSE: ETE). For more information, visit the Regency Energy Partners LP web site at www.regencyenergy.com.

Sunoco Logistics Partners L.P. (NYSE:SXL), headquartered in Philadelphia, is a master limited partnership that owns and operates a logistics business consisting of a geographically diverse portfolio of complementary crude oil and refined product pipeline, terminalling, and acquisition and marketing assets. SXL's general partner is owned by Energy Transfer Partners, L.P. (NYSE: ETP). For more information, visit the Sunoco Logistics Partners, L.P. web site at www.sunocologistics.com.

Forward-Looking Statements

This press release may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal law. Such forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors that are difficult to predict and many of which are beyond management's control. An extensive list of factors that can affect future results are discussed in the Partnership's Annual Reports on Form 10-K and other documents filed from time to time with the Securities and Exchange Commission. The Partnership undertakes no obligation to update or revise any forward-looking statement to reflect new information or events.

The information contained in this press release is available on our web site at www.energytransfer.com.

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

(unaudited)

June 30, 2014 December 31, 2013

ASSETS

CURRENT ASSETS	\$ 7,652	\$ 6,536
PROPERTY, PLANT AND EQUIPMENT, net	35,118	30,682
ADVANCES TO AND INVESTMENTS IN UNCONSOLIDATED AFFILIATES	3,686	4,014
NON-CURRENT PRICE RISK MANAGEMENT ASSETS	—	18
GOODWILL	6,230	5,894
INTANGIBLE ASSETS, net	5,072	2,264
OTHER NON-CURRENT ASSETS, net	857	922
Total assets	\$ 58,615	\$ 50,330

LIABILITIES AND EQUITY

CURRENT LIABILITIES	\$ 8,222	\$ 6,500
LONG-TERM DEBT, less current maturities	25,851	22,562
DEFERRED INCOME TAXES	3,712	3,865
NON-CURRENT PRICE RISK MANAGEMENT LIABILITIES	97	73
OTHER NON-CURRENT LIABILITIES	1,018	1,019
COMMITMENTS AND CONTINGENCIES		
PREFERRED UNITS OF SUBSIDIARY	32	32
REDEEMABLE NONCONTROLLING INTEREST	15	—
EQUITY:		
Total partners' capital	582	1,078
Noncontrolling interest	19,086	15,201
Total equity	19,668	16,279
Total liabilities and equity	\$ 58,615	\$ 50,330

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per unit data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
REVENUES	\$ 14,143	\$ 12,063	\$ 27,223	\$ 23,242
COSTS AND EXPENSES:				
Cost of products sold	12,351	10,565	23,793	20,372
Operating expenses	412	387	819	759
Depreciation, depletion and amortization	450	318	823	630
Selling, general and administrative	157	149	305	306
Total costs and expenses	13,370	11,419	25,740	22,067
OPERATING INCOME	773	644	1,483	1,175
OTHER INCOME (EXPENSE):				
Interest expense, net of interest capitalized	(344)	(305)	(659)	(615)
Equity in earnings of unconsolidated affiliates	77	54	181	144
Losses on extinguishments of debt	—	(7)	—	(7)
Gains (losses) on interest rate derivatives	(46)	46	(48)	52
Gain on sale of AmeriGas common units	93	—	163	—
Other, net	(25)	(14)	(23)	(33)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE	528	418	1,097	716
Income tax expense (benefit) from continuing operations	70	89	215	87
INCOME FROM CONTINUING OPERATIONS	458	329	882	629
Income from discontinued operations	42	9	66	31
NET INCOME	500	338	948	660
LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	336	211	616	443
NET INCOME ATTRIBUTABLE TO PARTNERS	164	127	332	217
GENERAL PARTNER'S INTEREST IN NET INCOME	1	—	1	—
CLASS D UNITHOLDER INTEREST IN NET INCOME	—	—	1	—
LIMITED PARTNERS' INTEREST IN NET INCOME	\$ 163	\$ 127	\$ 330	\$ 217
INCOME FROM CONTINUING OPERATIONS PER LIMITED PARTNER UNIT:				
Basic	\$ 0.29	\$ 0.22	\$ 0.59	\$ 0.36
Diluted	\$ 0.29	\$ 0.22	\$ 0.59	\$ 0.36
NET INCOME PER LIMITED PARTNER UNIT:				
Basic	\$ 0.30	\$ 0.23	\$ 0.60	\$ 0.39
Diluted	\$ 0.30	\$ 0.23	\$ 0.60	\$ 0.39
WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING:				
Basic	543.6	560.9	550.6	560.4
Diluted	544.5	560.9	551.5	560.4

ENERGY TRANSFER EQUITY, L.P.

DISTRIBUTABLE CASH FLOW

(Tabular dollar amounts in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<i>"Distributable Cash Flow," "Distributable Cash Flow, as adjusted," and "Distribution Coverage Ratio" (1):</i>				
Cash distributions from ETP associated with:				
Limited partner interest	\$ 29	\$ 89	\$ 58	\$ 178
General partner interest	5	5	10	10
Incentive distribution rights	178	183	346	363

IDR relinquishments	(58)	(55)	(115)	(86)
Class H Units (50.05% general partner interest and incentive distribution rights distributions from SXL)	53	—	103	—
Distributions credited to Holdco consideration ⁽²⁾	—	—	—	(68)
Total cash distributions from ETP	207	222	402	397
Cash distributions from Regency associated with:				
Limited partner interest	28	12	41	24
General partner interest	1	1	2	2
Incentive distribution rights	8	3	15	5
IDR relinquishment	—	(1)	(1)	(1)
Total cash distributions from Regency	37	15	57	30
Cash dividends from Holdco	—	—	—	50
Total cash distributions and dividends from ETP, Regency and Holdco	244	237	459	477
 Distributable cash flow attributable to Trunkline LNG ⁽³⁾	 47	 —	 95	 —
 Deduct expenses of the Parent Company on a stand-alone basis:				
Selling, general and administrative expenses, excluding non-cash compensation expense	(5)	(24)	(7)	(30)
Management fee to ETP ⁽⁴⁾	(24)	—	(48)	—
Interest expense, net of amortization of financing costs, interest income, and realized gains and losses on interest rate swaps	(47)	(48)	(86)	(106)
Distributable Cash Flow	215	165	413	341
Transaction-related expenses	3	15	4	17
Distributable Cash Flow, as adjusted	\$ 218	\$ 180	\$ 417	\$ 358
 Cash distributions to be paid to the partners of ETE:				
Distributions to be paid to limited partners	\$ 205	\$ 184	\$ 400	\$ 365
Distributions to be paid to general partner	1	—	1	1
Distributions to be paid to Class D unitholder	—	—	1	—
Total cash distributions to be paid to the partners of ETE	\$ 206	\$ 184	\$ 402	\$ 366
 Distribution coverage ratio ⁽⁵⁾	 1.06	 x 0.98	 x 1.04	 x 0.98

Reconciliation of Non-GAAP "Distributable Cash Flow" and "Distributable Cash Flow, as adjusted" to GAAP "Net income" ⁽¹⁾:

Net income attributable to partners	\$ 164	\$ 127	\$ 332	\$ 217
Equity in income related to investments in ETP, Regency and Holdco	(209)	(198)	(410)	(366)
Total cash distributions and dividends from ETP, Regency and Holdco	244	237	459	477
Amortization included in interest expense (excluding ETP and Regency)	2	4	4	9
Fair value adjustment of ETE Preferred Units	—	—	—	9
Other non-cash (excluding ETP, Regency and Holdco)	14	(5)	28	(5)
Distributable Cash Flow	215	165	413	341
Transaction-related expenses	3	15	4	17
Distributable Cash Flow, as adjusted	\$ 218	\$ 180	\$ 417	\$ 358

This press release and accompanying schedules include the non-generally accepted accounting principle ("non-GAAP") financial measure of Distributable Cash Flow. The schedule above provides a reconciliation of this non-GAAP financial measure to its most directly comparable financial measure calculated and presented in accordance with GAAP. The Partnership's Distributable Cash Flow should not be considered as an alternative to GAAP financial measures such as net income, cash flow from operating activities or any other GAAP measure of liquidity or financial performance.

Distributable Cash Flow. The Partnership defines Distributable Cash Flow for a period as cash distributions expected to be received from ETP and Regency in respect of such period in connection with the Partnership's investments in limited and general partner interests of ETP and Regency, net of the Partnership's cash expenditures for general and administrative costs and interest expense. The Partnership's definition of Distributable Cash Flow also includes distributable cash flow from Trunkline LNG to the Partnership beginning January 1, 2014. Distributable Cash Flow for the three and six months ended June 30, 2013 also included Holdco until ETE's 60% interest in Holdco was contributed to ETP on April 30, 2013.

Distributable Cash Flow is a significant liquidity measure used by the Partnership's senior management to compare net cash flows generated by the Partnership to the distributions the Partnership expects to pay its unitholders. Using this measure, the Partnership's management can compute the coverage ratio of estimated cash flows for a period to planned cash distributions for such period.

Distributable Cash Flow is also an important non-GAAP financial measure for our limited partners since it indicates to investors whether the Partnership's investments are generating cash flows at a level that can sustain or support an increase in quarterly cash distribution levels. Financial measures such as Distributable Cash Flow are quantitative standards used by the investment community with respect to publicly traded partnerships because the value of a partnership unit is in part measured by its yield (which in turn is based on the amount of cash distributions a partnership can pay to a unitholder). The GAAP measure most directly comparable to Distributable Cash Flow is net income for ETE on a stand-alone basis ("Parent Company"). The accompanying analysis of Distributable Cash Flow is presented for the three and six months ended June 30, 2014 and 2013 for comparative purposes.

Distributable Cash Flow, as adjusted. The Partnership defines Distributable Cash Flow, as adjusted, for a period as cash distributions expected to be received from ETP and Regency in respect of such period in connection with the Partnership's investments in limited and general partner interests of ETP and Regency, plus distributable cash flow from Trunkline LNG and dividends from Holdco (as described in the definition of Distributable Cash Flow above), net of the Partnership's cash expenditures for general and administrative costs and interest expense, excluding certain items, such as transaction-related expenses. Due to the cash expenses incurred from time to time in connection with the Partnership's merger and acquisition activities and other transactions, Distributable Cash Flow, as adjusted, for the three and six months ended June 30, 2014 and 2013 is a significant liquidity measure used by the Partnership's senior management to compare net cash flows generated by the Partnership to the distributions the Partnership expects to pay its unitholders. Using this measure, the Partnership's management can compute the coverage ratio of estimated cash flows for a period to planned cash distributions for such period. The GAAP measure most directly comparable to Distributable Cash Flow, as adjusted, is net income for the Parent Company on a stand-alone basis. The accompanying analysis of Distributable Cash Flow, as adjusted, is presented for the three and six months ended June 30, 2014 and 2013 for comparative purposes.

- (2) For the six months ended June 30, 2013, cash distributions paid by ETP exclude distributions on 49.5 million ETP common units issued to ETE as a portion of the considerations for ETP's acquisition of ETE's interest in Holdco on April 30, 2013. These ETP common units received cash distributions on May 15, 2013; however, such distributions were reduced from the total cash portion of the consideration paid to ETE in connection with the April 30, 2013 Holdco transaction pursuant to the contribution agreement.

- (3) Distributable cash flow attributable to Trunkline LNG was calculated as follows (unaudited):

	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Revenues	\$ 53	\$ 107
Operating expenses	(4)	(8)
Selling, general and administrative expenses	(2)	(3)
Other, net	—	(1)
Distributable cash flow attributable to Trunkline LNG	\$ 47	\$ 95

- (4) In exchange for management services, ETE has agreed to pay to ETP fees totaling \$95 million, \$95 million and \$5 million for the years ending December 31, 2014, 2015 and 2016, respectively.
- (5) Distribution coverage ratio for a period is calculated as Distributable Cash Flow, as adjusted, divided by total cash distributions expected to be paid to the partners of ETE in respect of such period.

SUPPLEMENTAL INFORMATION

FINANCIAL STATEMENTS FOR PARENT COMPANY

Following are condensed balance sheets and statements of operations of the Parent Company on a stand-alone basis.

BALANCE SHEETS

(In millions)
(unaudited)

	June 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS	\$ 39	\$ 13
ADVANCES TO AND INVESTMENTS IN UNCONSOLIDATED AFFILIATES	4,768	3,841

INTANGIBLE ASSETS, net	12	14
GOODWILL	9	9
OTHER NON-CURRENT ASSETS, net	50	41
Total assets	\$ 4,878	\$ 3,918
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES	\$ 155	\$ 38
LONG-TERM DEBT, less current maturities	4,140	2,801
OTHER NON-CURRENT LIABILITIES	1	1
COMMITMENTS AND CONTINGENCIES		
PARTNERS' CAPITAL:		
General Partner	(1)	(3)
Limited Partners:		
Common Unitholders	563	1,066
Class D Units	14	6
Accumulated other comprehensive income	6	9
Total partners' capital	582	1,078
Total liabilities and partners' capital	\$ 4,878	\$ 3,918

STATEMENTS OF OPERATIONS

(Amounts in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	\$ (8)	\$ (23)	\$ (15)	\$ (29)
MANAGEMENT FEE TO ETP	(24)	—	(48)	—
OTHER INCOME (EXPENSE):				
Interest expense, net of interest capitalized	(50)	(53)	(90)	(117)
Gains (losses) on interest rate derivatives	—	6	—	6
Equity in earnings of unconsolidated affiliates	248	198	487	366
Other, net	(2)	(2)	(2)	(10)
INCOME BEFORE INCOME TAXES	164	126	332	216
Income tax benefit	—	(1)	—	(1)
NET INCOME	164	127	332	217
GENERAL PARTNER'S INTEREST IN NET INCOME	1	—	1	—
CLASS D UNITHOLDER'S INTEREST IN NET INCOME	—	—	1	—
LIMITED PARTNERS' INTEREST IN NET INCOME	\$ 163	\$ 127	\$ 330	\$ 217

Source: Energy Transfer Equity, L.P.

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