

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

Date of Report (Date of earliest event reported): August 7, 2013

PANHANDLE EASTERN PIPE LINE COMPANY, LP

(Exact name of registrant as specified in its charter)

Delaware

1-2921

44-0382470

(State or other jurisdiction of incorporation)

(Commission File Number)

(I.R.S. Employer
Identification No.)

3738 Oak Lawn Avenue

Dallas, Texas

(Address of principal executive offices)

75219

(Zip Code)

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

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))

Item 7.01. Regulation FD Disclosure.

On August 7, 2013, Energy Transfer Partners, L.P. ("ETP"), the entity which owns 100% of ETP Holdco Corporation, which indirectly owns 100% of the equity interests of Panhandle Eastern Pipe Line Company, LP (the "Company"), issued a press release after market close announcing its financial and operating results, including certain financial results of the Company, for the quarter ended June 30, 2013. A copy of ETP's press release is furnished as Exhibit 99.1 to this report and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information set forth in the attached Exhibit 99.1 is deemed to be "furnished" and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. In accordance with General Instruction B.2 of Form 8-K, the information set forth in the attached Exhibit 99.1 is deemed to be "furnished" and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act.

| <u>Exhibit No.</u> | <u>Exhibit</u> |
|--------------------|---|
| 99.1 | Energy Transfer Partners, L.P. Press Release dated August 7, 2013 |

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Exhibit</u> |
|--------------------|---|
| 99.1 | Energy Transfer Partners, L.P. Press Release dated August 7, 2013 |



**ENERGY TRANSFER PARTNERS
REPORTS SECOND QUARTER RESULTS**

Dallas – August 7, 2013 – Energy Transfer Partners, L.P. (NYSE: ETP) today reported its financial results for the quarter ended June 30, 2013.

Adjusted EBITDA for Energy Transfer Partners, L.P. (“ETP”) for the three months ended June 30, 2013 totaled \$1.07 billion, an increase of \$427 million over the same period last year. Distributable Cash Flow attributable to the partners of ETP for the three months ended June 30, 2013 totaled \$442 million, an increase of \$126 million over the same period last year. Income from continuing operations for the three months ended June 30, 2013 was \$404 million, an increase of \$276 million over the same period last year.

Adjusted EBITDA for ETP for the six months ended June 30, 2013 totaled \$2.03 billion, an increase of \$889 million over the same period last year. Distributable Cash Flow attributable to the partners of ETP for the six months ended June 30, 2013 totaled \$841 million, an increase of \$265 million over the same period last year. Income from continuing operations for the six months ended June 30, 2013 was \$806 million, a decrease of \$411 million compared to the same period last year primarily due to the recognition of a \$1.06 billion gain as a result of the contribution of ETP’s Propane Business in January 2012.

The increases in Adjusted EBITDA and Distributable Cash Flow were primarily due to strategic acquisitions in 2012, including Sunoco, Inc. (“Sunoco”) and ownership interests in Citrus Corp (“Citrus”), Sunoco Logistics Partners L.P. (“Sunoco Logistics”), and ETP Holdco Corporation (“Holdco”). ETP has also placed more than \$2.5 billion in growth projects into service over the last twelve months that are now generating earnings and cash flow.

ETP previously reported Distributable Cash Flow only on a consolidated basis. As a result of ETP’s recent acquisition of the 60% interest in Holdco that was owned by Energy Transfer Equity, L.P. (“ETE”) in April 2013 and the ETE/ETP exchange transaction announced today, ETP has revised the methodology to calculate Distributable Cash Flow to make it easier to understand and more transparent. Effective June 30, 2013, ETP has revised its non-GAAP measures to include Distributable Cash Flow attributable to the partners of ETP. ETP considers Distributable Cash Flow attributable to the partners of ETP to be a useful measure as it more accurately depicts the cash flows available to be distributed to ETP’s partners, whereas Distributable Cash Flow on a consolidated basis includes cash flows for which a portion would be distributable to noncontrolling interests. The supplemental information included herein provides both measures as well as a reconciliation of both measures to the GAAP measure of net income.

ETP’s key accomplishments during the second quarter of 2013 include the following:

- ETP acquired from ETE its 60% interest in Holdco for approximately 49.5 million ETP common units and \$1.4 billion in cash, less \$68 million of closing adjustments.
- Southern Union Company (“Southern Union”) contributed its interest in Southern Union Gathering Company, LLC to Regency Energy Partners LP (“Regency”), a subsidiary of ETE, in exchange for cash and Regency common and Class F units.
- ETP’s subsidiaries, Sunoco Logistics and Lone Star NGL LLC, announced that long-term, fee-based agreements have been executed with an anchor tenant to move forward with a liquefied petroleum gas (LPG) export/import project.
- ETP placed into service a new 200 MMcf/d cryogenic processing plant at its Godley processing facility in Johnson County, Texas.
- ETP exchanged approximately \$1.09 billion of Southern Union’s outstanding senior notes for new ETP senior notes in June 2013.

An analysis of ETP’s segment results and other supplementary data is provided after the financial tables shown below. ETP has scheduled a conference call for 8:30 a.m. Central Time, Thursday, August 8, 2013 to discuss the second quarter 2013 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 ETP’s web site for a limited time.

Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures used by industry analysts, investors, lenders, and rating agencies to assess the financial performance and the operating results of ETP’s fundamental business activities and should not be considered in isolation or as a substitute for net income, income from operations, cash flows from operating activities, or other GAAP measures. A table reconciling Adjusted EBITDA and Distributable Cash Flow with appropriate GAAP financial

measures is included in the summarized financial information included in this release. Beginning with the quarter ended December 31, 2012 and applied retroactively to all periods presented, ETP has revised its calculation of Adjusted EBITDA and Distributable Cash Flow. (See notes under “Supplemental Information” for further information.)

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 has natural gas operations that include approximately 47,000 miles of gathering and transportation pipelines, treating and processing assets, and storage facilities. ETP owns 100% of ETP Holdco Corporation, which owns 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 33.5 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.

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) and approximately 99.7 million ETP common units; and owns the general partner and 100% of the IDRs of Regency Energy Partners LP (NYSE: RGP) and approximately 26.3 million RGP common units. The Energy Transfer family of companies owns more than 71,000 miles of natural gas, natural gas liquids, refined products, and crude pipelines. For more information, visit the Energy Transfer Equity, L.P. web site at www.energytransfer.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.

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

Contacts

Investor Relations:

Energy Transfer
Brent Ratliff
214-981-0700 (office)

Media Relations:

Vicki Granado
Granado Communications Group
214-599-8785 (office)
214-498-9272 (cell)

ENERGY TRANSFER PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)
(unaudited)

| | June 30, 2013 | December 31, 2012 |
|--|------------------|----------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | \$ 5,858 | \$ 5,404 |
| PROPERTY, PLANT AND EQUIPMENT, net | 24,734 | 25,773 |
| NON-CURRENT ASSETS HELD FOR SALE | 1,000 | 985 |
| ADVANCES TO AND INVESTMENTS IN UNCONSOLIDATED AFFILIATES | 4,884 | 3,502 |
| NON-CURRENT PRICE RISK MANAGEMENT ASSETS | 20 | 42 |
| GOODWILL | 5,206 | 5,606 |
| INTANGIBLE ASSETS, net | 1,508 | 1,561 |
| OTHER NON-CURRENT ASSETS, net | 441 | 357 |
| Total assets | \$ 43,651 | \$ 43,230 |
| <u>LIABILITIES AND EQUITY</u> | | |
| CURRENT LIABILITIES | \$ 5,728 | \$ 5,548 |
| NON-CURRENT LIABILITIES HELD FOR SALE | 140 | 142 |
| LONG-TERM DEBT, less current maturities | 16,243 | 15,442 |
| LONG-TERM NOTES PAYABLE — RELATED PARTY | — | 166 |
| NON-CURRENT PRICE RISK MANAGEMENT LIABILITIES | 88 | 129 |
| DEFERRED INCOME TAXES | 3,767 | 3,476 |
| OTHER NON-CURRENT LIABILITIES | 902 | 995 |
| COMMITMENTS AND CONTINGENCIES | | |
| EQUITY: | | |
| Total partners' capital | 12,098 | 9,201 |
| Noncontrolling interest | 4,685 | 8,131 |
| Total equity | 16,783 | 17,332 |
| Total liabilities and equity | \$ 43,651 | \$ 43,230 |

ENERGY TRANSFER PARTNERS, 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, | |
|--|-----------------------------|---------------------|---------------------------|---------------------|
| | 2013 | 2012 ⁽¹⁾ | 2013 | 2012 ⁽¹⁾ |
| REVENUES | \$ 11,551 | \$ 1,596 | \$ 22,405 | \$ 2,919 |
| COSTS AND EXPENSES: | | | | |
| Cost of products sold | 10,229 | 799 | 19,823 | 1,580 |
| Operating expenses | 315 | 196 | 619 | 326 |
| Depreciation and amortization | 251 | 158 | 511 | 257 |
| Selling, general and administrative | 124 | 86 | 286 | 190 |
| Total costs and expenses | 10,919 | 1,239 | 21,239 | 2,353 |
| OPERATING INCOME | 632 | 357 | 1,166 | 566 |
| OTHER INCOME (EXPENSE): | | | | |
| Interest expense, net of interest capitalized | (211) | (191) | (422) | (332) |
| Equity in earnings of unconsolidated affiliates | 37 | 1 | 109 | 56 |
| Gain on deconsolidation of Propane Business | — | 1 | — | 1,057 |
| Loss on extinguishment of debt | — | — | — | (115) |
| Gains (losses) on interest rate derivatives | 39 | (37) | 46 | (9) |
| Other, net | (4) | 4 | (1) | 3 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE | 493 | 135 | 898 | 1,226 |
| Income tax expense from continuing operations | 89 | 7 | 92 | 9 |
| INCOME FROM CONTINUING OPERATIONS | 404 | 128 | 806 | 1,217 |
| Income from discontinued operations | 9 | 7 | 31 | 6 |
| NET INCOME | 413 | 135 | 837 | 1,223 |
| LESS: NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST | 93 | 24 | 195 | (3) |
| NET INCOME ATTRIBUTABLE TO PARTNERS | 320 | 111 | 642 | 1,226 |
| GENERAL PARTNER'S INTEREST IN NET INCOME | 155 | 109 | 283 | 226 |
| LIMITED PARTNERS' INTEREST IN NET INCOME | \$ 165 | \$ 2 | \$ 359 | \$ 1,000 |
| INCOME (LOSS) FROM CONTINUING OPERATIONS PER LIMITED PARTNER UNIT: | | | | |
| Basic | \$ 0.52 | \$ (0.03) | \$ 1.04 | \$ 4.32 |
| Diluted | \$ 0.52 | \$ (0.03) | \$ 1.04 | \$ 4.30 |
| NET INCOME PER LIMITED PARTNER UNIT: | | | | |
| Basic | \$ 0.53 | \$ 0.00 | \$ 1.08 | \$ 4.35 |
| Diluted | \$ 0.53 | \$ 0.00 | \$ 1.08 | \$ 4.33 |
| WEIGHTED AVERAGE NUMBER OF UNITS OUTSTANDING: | | | | |
| Basic | 352.6 | 229.7 | 326.9 | 228.1 |
| Diluted | 353.8 | 229.7 | 328.1 | 229.1 |

⁽¹⁾ In accordance with generally accepted accounting principles, amounts previously reported for interim periods in 2012 have been revised to reflect the retrospective consolidation of Southern Union into ETP as a result of the Holdco Transaction as the transfer of Southern Union into Holdco met the definition of a transaction between entities under common control. Thus, Southern Union was retroactively consolidated beginning March 26, 2012, the date that ETE completed its merger with Southern Union.

SUPPLEMENTAL INFORMATION

(Tabular dollar amounts in millions)
(unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|--------------|---------------------------|--------------|
| | 2013 | 2012 (b) (c) | 2013 | 2012 (b) (c) |
| Reconciliation of net income to Adjusted EBITDA and Distributable Cash Flow (a): | | | | |
| Net income | \$ 413 | \$ 135 | \$ 837 | \$ 1,223 |
| Interest expense, net of interest capitalized | 211 | 191 | 422 | 332 |
| Gain on deconsolidation of Propane Business | — | (1) | — | (1,057) |
| Income tax expense from continuing operations | 89 | 7 | 92 | 9 |
| Depreciation and amortization | 251 | 158 | 511 | 257 |
| Non-cash compensation expense | 10 | 10 | 24 | 21 |
| (Gains) losses on interest rate derivatives | (39) | 37 | (46) | 9 |
| Unrealized (gains) losses on commodity risk management activities | (18) | (15) | (37) | 71 |
| LIFO valuation adjustment | 22 | — | (16) | — |
| Loss on extinguishment of debt | — | — | — | 115 |
| Adjusted EBITDA related to unconsolidated affiliates | 158 | 97 | 323 | 196 |
| Equity in earnings of unconsolidated affiliates | (37) | (1) | (109) | (56) |
| Other, net | 9 | 24 | 24 | 16 |
| Adjusted EBITDA (consolidated) | 1,069 | 642 | 2,025 | 1,136 |
| Adjusted EBITDA related to unconsolidated affiliates | (158) | (97) | (323) | (196) |
| Distributions from unconsolidated affiliates | 102 | 67 | 197 | 109 |
| Interest expense, net of interest capitalized | (211) | (191) | (422) | (332) |
| Income tax expense from continuing operations | (89) | (7) | (92) | (9) |
| Maintenance capital expenditures | (121) | (77) | (172) | (101) |
| Other, net | 1 | — | 2 | 1 |
| Distributable Cash Flow (consolidated) | 593 | 337 | 1,215 | 608 |
| Distributable Cash Flow attributable to Sunoco Logistics (100%) | (184) | — | (379) | — |
| Distributions from Sunoco Logistics to ETP (d) | 49 | — | 94 | — |
| Distributions to ETE in respect of Holdco | — | — | (50) | — |
| Distributions to Regency in respect of Lone Star (e) | (16) | (21) | (39) | (32) |
| Distributable Cash Flow attributable to the partners of ETP | \$ 442 | \$ 316 | \$ 841 | \$ 576 |

Distributions to the partners of ETP (f):

| | | | | |
|---|--------|--------|--------|--------|
| Limited Partners: | | | | |
| Common units held by public | \$ 246 | \$ 175 | \$ 487 | \$ 335 |
| Common units held by ETE | 89 | 45 | 178 | 90 |
| General Partner interests held by ETE | 5 | 5 | 10 | 10 |
| Incentive Distribution Rights (“IDR”) held by ETE | 183 | 120 | 363 | 234 |
| IDR relinquishment related to previous acquisitions | (55) | (14) | (86) | (28) |
| Total distributions to be paid to the partners of ETP | 468 | 331 | 952 | 641 |
| Distributions credited to Holdco consideration (g) | — | — | (68) | — |
| Net distributions to the partners of ETP | \$ 468 | \$ 331 | \$ 884 | \$ 641 |
| Distribution coverage ratio (h) | 0.94x | 0.95x | 0.95x | 0.90x |

- (a) ETP has disclosed in this press release Adjusted EBITDA and Distributable Cash Flow, which are non-GAAP financial measures. Management believes Adjusted EBITDA and Distributable Cash Flow provide useful information to investors as measures of comparison with peer companies, including companies that may have different financing and capital structures. The presentation of Adjusted EBITDA and Distributable Cash Flow also allows investors to view our performance in a manner similar to the methods used by management and provides additional insight into our operating results.

ETP previously reported Distributable Cash Flow only on a consolidated basis. Effective June 30, 2013, ETP has revised its non-GAAP measures to include Distributable Cash Flow attributable to the partners of ETP. ETP considers Distributable Cash Flow attributable to the partners of ETP to be a useful measure, as it more accurately depicts the cash flows available to be distributed to ETP's partners, whereas Distributable Cash Flow on a consolidated basis includes cash flows for which a portion would be distributable to noncontrolling interests. The supplemental information included herein provides both measures, as well as a reconciliation of both measures to the GAAP measure of net income.

There are material limitations to using measures such as Adjusted EBITDA and Distributable Cash Flow, including the difficulty associated with using either as the sole measure to compare the results of one company to another, and the inability to analyze certain significant items that directly affect a company's net income or loss or cash flows. In addition, our calculations of Adjusted EBITDA and Distributable Cash Flow may not be consistent with similarly titled measures of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP, such as gross margin, operating income, net income, and cash flow from operating activities.

Definition of Adjusted EBITDA

ETP defines Adjusted EBITDA as total partnership earnings before interest, taxes, depreciation, amortization and other non-cash items, such as non-cash compensation expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities, non-cash impairment charges, loss on extinguishment of debt, gain on deconsolidation of our Propane Business and other non-operating income or expense items. Unrealized gains and losses on commodity risk management activities include unrealized gains and losses on commodity derivatives and inventory fair value adjustments (excluding lower of cost or market adjustments). Adjusted EBITDA reflects amounts for less than wholly owned subsidiaries based on 100% of the subsidiaries' results of operations and for unconsolidated affiliates based on ETP's proportionate ownership.

Adjusted EBITDA is used by management to determine our operating performance and, along with other financial and volumetric data, as internal measures for setting annual operating budgets, assessing financial performance of our numerous business locations, as a measure for evaluating targeted businesses for acquisition and as a measurement component of incentive compensation.

Definition of Distributable Cash Flow

ETP defines Distributable Cash Flow as net income, adjusted for certain non-cash items, less maintenance capital expenditures. Non-cash items include depreciation and amortization, non-cash compensation expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities, non-cash impairment charges, loss on extinguishment of debt and gain on deconsolidation of our Propane Business. Unrealized gains and losses on commodity risk management activities includes unrealized gains and losses on commodity derivatives and inventory fair value adjustments (excluding lower of cost or market adjustments). Distributable Cash Flow reflects earnings from unconsolidated affiliates on a cash basis.

Distributable Cash Flow is used by management to evaluate our overall performance. Our partnership agreement requires us to distribute all available cash, and Distributable Cash Flow is calculated to evaluate our ability to fund distributions through cash generated by our operations.

On a consolidated basis, Distributable Cash Flow includes 100% of the Distributable Cash Flow of ETP's consolidated subsidiaries. However, to the extent that noncontrolling interests exist among ETP's subsidiaries, the Distributable Cash Flow generated by ETP's subsidiaries may not be available to be distributed to the partners of ETP. In order to reflect the cash flows available for distributions to the partners of ETP, ETP has reported Distributable Cash Flow attributable to the partners of ETP, which is calculated by adjusting Distributable Cash Flow (consolidated), as follows:

- For subsidiaries with publicly traded equity interests, Distributable Cash Flow (consolidated) includes 100% of Distributable Cash Flow attributable to such subsidiary, and Distributable Cash Flow attributable to the partners of ETP includes distributions to be received by the parent company with respect to the periods presented. Currently, Sunoco Logistics is the only such subsidiary.

- For consolidated joint ventures or similar entities, where the noncontrolling interest is not publicly traded, Distributable Cash Flow (consolidated) includes 100% of Distributable Cash Flow attributable to such subsidiary, but Distributable Cash Flow attributable to the partners of ETP is net of distributions to be paid by the subsidiary to the noncontrolling interests. Currently, Lone Star is such a subsidiary, as it is 30% owned by Regency, which is an unconsolidated affiliate. Prior to April 30, 2013, Holdco was also such a subsidiary, as ETE held a noncontrolling interest in Holdco.
- (b) In accordance with generally accepted accounting principles, amounts previously reported for interim periods in 2012 have been revised to reflect the retrospective consolidation of Southern Union into ETP as a result of the Holdco Transaction as the transfer of Southern Union into Holdco met the definition of a transaction between entities under common control. Thus, Southern Union was retroactively consolidated beginning March 26, 2012, the date that ETE completed its merger with Southern Union.
- (c) ETP has presented Adjusted EBITDA and Distributable Cash Flow (consolidated) in previous communications; however, ETP changed its definition for these non-GAAP measures in the quarter ended December 31, 2012 to reflect less than wholly-owned subsidiaries on a fully consolidated basis. Previously, ETP presented less than wholly-owned subsidiaries on a proportionate basis. This change has been applied retroactively to all periods presented. See “Non-GAAP Measures” available on ETP’s web site at www.energytransfer.com for the reconciliation of net income to Adjusted EBITDA for recent prior periods reflecting the changes described above.
- (d) For the three months ended June 30, 2013, cash distributions to be paid from Sunoco Logistics to ETP consist of cash distributions payable on August 14, 2013 to holders of record on August 8, 2013 in respect of the quarter ended June 30, 2013.
- For the six months ended June 30, 2013, cash distributions to be paid from Sunoco Logistics to ETP consist of cash distributions paid on May 15, 2013 in respect of the quarter ended March 31, 2013 and cash distributions payable on August 14, 2013 to holders of record on August 8, 2013 in respect of the quarter ended June 30, 2013.
- (e) Cash distributions to Regency in respect of Lone Star consist of cash distributions paid on a quarterly basis. The amounts reflected above are in respect of the periods then ended, including payments made in arrears subsequent to period end.
- (f) For the three months ended June 30, 2013, cash distributions to be paid to the partners of ETP consist of cash distributions payable on August 14, 2013 to holders of record on August 5, 2013 in respect of the quarter ended June 30, 2013. For the three months ended June 30, 2012, cash distributions to be paid to the partners of ETP consist of cash distributions paid on August 14, 2012 in respect of the quarter ended June 30, 2012.
- For the six months ended June 30, 2013, cash distributions to be paid to the partners of ETP consist of cash distributions paid on May 15, 2013 in respect of the quarter ended March 31, 2013 and cash distributions payable on August 14, 2013 to holders of record on August 5, 2013 in respect of the quarter ended June 30, 2013. For the six months ended June 30, 2012, cash distributions paid to the partners of ETP consist of cash distributions paid on May 15, 2012 in respect of the quarter ended March 31, 2012 and cash distributions paid on August 14, 2012 in respect of the quarter ended June 30, 2012.
- (g) For the six months ended June 30, 2013, net distributions to the partners of ETP excluded distributions paid on 49.5 million ETP common units issued to ETE as a portion of the consideration for ETP’s acquisition of ETE’s interest in Holdco on April 30, 2013. These newly issued 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.
- (h) Distribution coverage ratio is calculated as Distributable Cash Flow attributable to the partners of ETP divided by net distributions to the partners of ETP.

SUMMARY ANALYSIS OF QUARTERLY RESULTS BY SEGMENT

(Tabular amounts in millions)
(unaudited)

Our segment results were presented based on the measure of Segment Adjusted EBITDA. The tables below identify the components of Segment Adjusted EBITDA, which was calculated as follows:

- *Gross margin, operating expenses, and selling, general and administrative.* These amounts represent the amounts included in our consolidated financial statements that are attributable to each segment.
- *Unrealized gains or losses on commodity risk management activities.* These are the unrealized amounts that are included in gross margin. These amounts are not included in Segment Adjusted EBITDA; therefore, the unrealized losses are added back and the unrealized gains are subtracted to calculate the segment measure.
- *Non-cash compensation expense.* These amounts represent the total non-cash compensation recorded in operating expenses and selling, general and administrative. These amounts are not included in Segment Adjusted EBITDA and therefore are added back to calculate the segment measure.
- *Adjusted EBITDA related to unconsolidated affiliates.* These amounts represent our proportionate share of the Adjusted EBITDA of our unconsolidated affiliates. Amounts reflected are calculated consistently with our definition of Adjusted EBITDA above.

| | Three Months Ended June 30, | |
|---------------------------------------|-----------------------------|---------------|
| | 2013 | 2012 |
| Segment Adjusted EBITDA: | | |
| Intrastate transportation and storage | \$ 112 | \$ 157 |
| Interstate transportation and storage | 361 | 297 |
| Midstream | 118 | 102 |
| NGL transportation and services | 77 | 55 |
| Investment in Sunoco Logistics | 244 | — |
| Retail marketing | 97 | — |
| All other | 60 | 31 |
| | <u>\$ 1,069</u> | <u>\$ 642</u> |

Intrastate Transportation and Storage

| | Three Months Ended June 30, | |
|---|-----------------------------|---------------|
| | 2013 | 2012 |
| Natural gas transported (MMBtu/d) | 9,654,524 | 9,928,726 |
| Revenues | \$ 623 | \$ 494 |
| Cost of products sold | 447 | 273 |
| Gross margin | 176 | 221 |
| Unrealized gains on commodity risk management activities | (12) | (15) |
| Operating expenses, excluding non-cash compensation expense | (43) | (47) |
| Selling, general and administrative expenses, excluding non-cash compensation expense | (9) | (2) |
| Segment Adjusted EBITDA | <u>\$ 112</u> | <u>\$ 157</u> |
| Distributions from unconsolidated affiliates | \$ 2 | \$ 1 |

Segment Adjusted EBITDA for the intrastate transportation and storage segment decreased for the three months ended June 30, 2013 compared to the same period last year primarily due to a \$28 million unfavorable variance from the settlement of derivatives used to hedge storage gas inventory, a \$13 million decrease in transportation fees due to lower volumes, and a \$14 million decrease in natural gas sales and other primarily due to less opportunities in the current period for system optimization.

Interstate Transportation and Storage

| | Three Months Ended June 30, | |
|--|-----------------------------|-----------|
| | 2013 | 2012 |
| Natural gas transported (MMBtu/d): | | |
| ETP legacy assets | 2,393,340 | 2,832,897 |
| Southern Union transportation and storage | 3,811,448 | 3,572,548 |
| Natural gas sold (MMBtu/d) – ETP legacy assets | 16,795 | 17,770 |
| Revenues | \$ 357 | \$ 312 |
| Operating expenses, excluding non-cash compensation, amortization and accretion expenses | (69) | (80) |
| Selling, general and administrative expenses, excluding non-cash compensation, amortization and accretion expenses | (25) | (30) |
| Adjusted EBITDA related to unconsolidated affiliates | 98 | 95 |
| Segment Adjusted EBITDA | \$ 361 | \$ 297 |

| | | |
|--|-------|-------|
| Distributions from unconsolidated affiliates | \$ 55 | \$ 42 |
|--|-------|-------|

Segment Adjusted EBITDA for the interstate transportation and storage segment increased for the three months ended June 30, 2013 compared to the same period last year primarily due to the recognition of \$52 million received in connection with the buyout of a Southern Union customer's contract, offset slightly by a decrease in revenues related to the Transwestern pipeline. Additionally, operating expenses decreased due to a decrease in operating and maintenance expenses and lower ad valorem taxes.

Midstream

| | Three Months Ended June 30, | |
|---|-----------------------------|-----------|
| | 2013 | 2012 |
| Gathered volumes (MMBtu/d): | | |
| ETP legacy assets | 2,761,401 | 2,277,142 |
| Southern Union gathering and processing | 529,327 | 408,652 |
| NGLs produced (Bbls/d): | | |
| ETP legacy assets | 112,951 | 81,676 |
| Southern Union gathering and processing | 43,777 | 31,060 |
| Equity NGLs produced (Bbls/d): | | |
| ETP legacy assets | 14,854 | 22,255 |
| Southern Union gathering and processing | 8,216 | 8,081 |
| Revenues | \$ 906 | \$ 727 |
| Cost of products sold | 738 | 556 |
| Gross margin | 168 | 171 |
| Unrealized gains on commodity risk management activities | (4) | — |
| Operating expenses, excluding non-cash compensation expense | (39) | (42) |
| Selling, general and administrative expenses, excluding non-cash compensation expense | (7) | (22) |
| Adjusted EBITDA attributable to discontinued operations | — | (5) |
| Segment Adjusted EBITDA | \$ 118 | \$ 102 |

Segment Adjusted EBITDA for midstream increased for the three months ended June 30, 2013 compared to the same period last year primarily due to a decrease in selling, general and administrative expenses related to the contribution of Southern Union's gathering and processing operations to Regency on April 30, 2013 and lower allocated overhead expenses.

Segment Adjusted EBITDA for the midstream segment reflected a decrease in gross margin as follows:

| | Three Months Ended June 30, | |
|---|-----------------------------|--------|
| | 2013 | 2012 |
| Gathering and processing fee-based revenues | \$ 114 | \$ 79 |
| Non fee-based contracts and processing | 64 | 98 |
| Other | (10) | (6) |
| Total gross margin | \$ 168 | \$ 171 |

Midstream gross margin for the three months ended June 30, 2013 compared to the same period last year reflected increases in fee-based revenues due to increased production in the Eagle Ford Shale and an additional 0.6 Bcf per day of processing capacity, offset by a decrease in non fee-based gross margin due to the contribution of Southern Union's gathering and processing operations to Regency on April 30, 2013.

NGL Transportation and Services

| | Three Months Ended June 30, | |
|---|-----------------------------|---------|
| | 2013 | 2012 |
| NGL transportation volumes (Bbls/d) | 338,710 | 175,591 |
| NGL fractionation volumes (Bbls/d) | 98,915 | 21,204 |
| Revenues | \$ 438 | \$ 161 |
| Cost of products sold | 329 | 86 |
| Gross margin | 109 | 75 |
| Unrealized gains on commodity risk management activities | (2) | — |
| Operating expenses, excluding non-cash compensation expense | (28) | (16) |
| Selling, general and administrative expenses, excluding non-cash compensation expense | (3) | (5) |
| Adjusted EBITDA related to unconsolidated affiliates | 1 | 1 |
| Segment Adjusted EBITDA | \$ 77 | \$ 55 |

| | | |
|--|------|------|
| Distributions from unconsolidated affiliates | \$ 1 | \$ — |
|--|------|------|

Segment Adjusted EBITDA for the NGL transportation and services segment increased for the three months ended June 30, 2013 compared to the same period last year primarily due to higher gross margin, as discussed below, offset by higher operating expenses from new assets placed in service and increases in ad valorem taxes.

Segment Adjusted EBITDA for the NGL transportation and services segment reflected an increase in gross margin as follows:

| | Three Months Ended June 30, | |
|-------------------------------------|-----------------------------|-------|
| | 2013 | 2012 |
| Storage margin | \$ 34 | \$ 30 |
| Transportation margin | 45 | 18 |
| Processing and fractionation margin | 30 | 27 |
| Total gross margin | \$ 109 | \$ 75 |

Transportation margin increased as a result of higher volumes transported due to the completion of the Gateway pipeline resulting in increased margin of \$18 million for the three months ended June 30, 2013. The completion of our Justice pipeline connection to Mont Belvieu, Texas and additional NGL production from our processing plants accounted for the remainder of the increase in transportation margin.

Processing and fractionation margin increased due to the startup of our fractionator at Mont Belvieu, Texas in December 2012, which contributed an additional \$18 million for the three months ended June 30, 2013. The increase in margin related to our

fractionator was offset by a decrease of \$15 million in margin attributable to our fractionator in Geismar, Louisiana due to a less favorable pricing environment, lower volumes and a less favorable contract mix.

Investment in Sunoco Logistics

| | Three Months Ended June 30, | |
|---|-----------------------------|------|
| | 2013 | 2012 |
| Revenue | \$ 4,311 | \$ — |
| Cost of products sold | 4,023 | — |
| Gross margin | 288 | — |
| Unrealized gains on commodity risk management activities | (1) | — |
| Operating expenses, excluding non-cash compensation expense | (25) | — |
| Selling, general and administrative expenses, excluding non-cash compensation expense | (29) | — |
| Adjusted EBITDA related to unconsolidated affiliates | 11 | — |
| Segment Adjusted EBITDA | \$ 244 | \$ — |

| | | |
|--|------|------|
| Distributions from unconsolidated affiliates | \$ 4 | \$ — |
|--|------|------|

We obtained control of Sunoco Logistics Partners L.P. on October 5, 2012 in connection with our acquisition of Sunoco, Inc.; therefore, no comparative results were reflected in our financial statements.

Retail Marketing

| | Three Months Ended June 30, | |
|---|-----------------------------|------|
| | 2013 | 2012 |
| Total retail gasoline outlets, end of period | 4,974 | — |
| Total company-operated outlets, end of period | 440 | — |
| Gasoline and diesel throughput per company-operated site (gallons/month) | 204,320 | — |
| Revenue | \$ 5,291 | \$ — |
| Cost of products sold | 5,087 | — |
| Gross margin | 204 | — |
| Operating expenses, excluding non-cash compensation expense | (106) | — |
| Selling, general and administrative expenses, excluding non-cash compensation expense | (23) | — |
| LIFO valuation adjustment | 22 | — |
| Adjusted EBITDA related to unconsolidated affiliates | 1 | — |
| Other | (1) | — |
| Segment Adjusted EBITDA | \$ 97 | \$ — |

We acquired our retail marketing segment on October 5, 2012 in connection with our acquisition of Sunoco, Inc.; therefore, no comparative results were reflected in our financial statements.

All Other

| | Three Months Ended June 30, | |
|---|-----------------------------|-------|
| | 2013 | 2012 |
| Revenue | \$ 101 | \$ 86 |
| Cost of products sold | 76 | 64 |
| Gross margin | 25 | 22 |
| Unrealized losses on commodity risk management activities | 1 | — |
| Operating expenses, excluding non-cash compensation expense | (6) | (4) |
| Selling, general and administrative expenses, excluding non-cash compensation expense | (19) | (16) |
| Adjusted EBITDA attributable to discontinued operations | 23 | 32 |
| Adjusted EBITDA related to unconsolidated affiliates | 49 | 1 |
| Other | (11) | — |
| Elimination | (2) | (4) |
| Segment Adjusted EBITDA | \$ 60 | \$ 31 |

| | | |
|--|-------|-------|
| Distributions from unconsolidated affiliates | \$ 40 | \$ 24 |
|--|-------|-------|

Amounts reflected above primarily include:

- Our retail propane and other retail propane related operations prior to our contribution of those operations to AmeriGas in January 2012. Our investment in AmeriGas was reflected in the all other segment subsequent to that transaction;
- Southern Union's local distribution operations beginning March 26, 2012;
- Our natural gas compression operations;
- An approximate 30% non-operating interest in PES, a refining joint venture, effective upon our acquisition of Sunoco on October 5, 2012; and,
- Our investment in Regency related to the Regency common and Class F units received by Southern Union in exchange for the contribution of its interest in Southern Union Gathering Company, LLC to Regency on April 30, 2013.

Adjusted EBITDA attributable to discontinued operations reflected the results of Southern Union's local distribution operations.

Adjusted EBITDA related to unconsolidated affiliates reflected the results from our investments in AmeriGas, PES and Regency beginning in January 2012, October 2012, and April 2013, respectively. Additional information related to unconsolidated affiliates is provided below in "Supplemental Information on Unconsolidated Affiliates."

SUPPLEMENTAL INFORMATION ON CAPITAL EXPENDITURES

(Tabular amounts in millions)
(unaudited)

The following is a summary of capital expenditures recorded during the six months ended June 30, 2013:

| | Growth | Maintenance | Total |
|--|---------------|---------------|-----------------|
| ETP legacy assets: | | | |
| Intrastate transportation and storage | \$ 7 | \$ 15 | \$ 22 |
| Interstate transportation and storage | 9 | 14 | 23 |
| Midstream | 231 | 17 | 248 |
| NGL transportation and services ⁽¹⁾ | 226 | 9 | 235 |
| | <u>473</u> | <u>55</u> | <u>528</u> |
| Holdco: | | | |
| Southern Union transportation and storage | 11 | 19 | 30 |
| Southern Union gathering and processing | 95 | 10 | 105 |
| Retail marketing | 15 | 32 | 47 |
| | <u>121</u> | <u>61</u> | <u>182</u> |
| Investment in Sunoco Logistics | 310 | 22 | 332 |
| All other (including eliminations) | (5) | 34 | 29 |
| Total capital expenditures | <u>\$ 899</u> | <u>\$ 172</u> | <u>\$ 1,071</u> |

⁽¹⁾ We received capital contributions from Regency related to their 30% share of Lone Star of \$49 million.

We currently expect capital expenditures for the full year 2013 to be within the following ranges:

| | Growth | | Maintenance | |
|--|-----------------|-----------------|---------------|---------------|
| | Low | High | Low | High |
| ETP legacy assets: | | | | |
| Intrastate transportation and storage | \$ 10 | \$ 10 | \$ 20 | \$ 25 |
| Interstate transportation and storage | 15 | 20 | 25 | 30 |
| Midstream | 360 | 380 | 45 | 50 |
| NGL transportation and services ⁽¹⁾ | 445 | 465 | 15 | 20 |
| | <u>830</u> | <u>875</u> | <u>105</u> | <u>125</u> |
| Holdco: | | | | |
| Southern Union transportation and storage | 20 | 30 | 75 | 80 |
| Southern Union gathering and processing | 95 | 95 | 10 | 10 |
| Retail marketing | 50 | 70 | 70 | 85 |
| | <u>165</u> | <u>195</u> | <u>155</u> | <u>175</u> |
| Investment in Sunoco Logistics | 685 | 710 | 60 | 65 |
| All other (including eliminations) | (10) | (10) | 40 | 70 |
| Total capital expenditures | <u>\$ 1,670</u> | <u>\$ 1,770</u> | <u>\$ 360</u> | <u>\$ 435</u> |

⁽¹⁾ We expect to receive capital contributions from Regency related to their 30% share of Lone Star of \$60 million.

SUPPLEMENTAL INFORMATION ON UNCONSOLIDATED AFFILIATES

(In millions)
(unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|--------------|---------------------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| Equity in earnings (losses) of unconsolidated affiliates: | | | | |
| AmeriGas | \$ (20) | \$ (37) | \$ 43 | \$ 3 |
| Citrus | 24 | 23 | 38 | 24 |
| FEP | 14 | 13 | 27 | 26 |
| Regency | 2 | — | 2 | — |
| Other | 17 | 2 | (1) | 3 |
| Total equity in earnings of unconsolidated affiliates | <u>\$ 37</u> | <u>\$ 1</u> | <u>\$ 109</u> | <u>\$ 56</u> |
| Proportionate share of interest, depreciation, amortization, non-cash compensation expense, loss on debt extinguishment and taxes: | | | | |
| AmeriGas | \$ 36 | \$ 37 | \$ 70 | \$ 72 |
| Citrus | 55 | 54 | 103 | 57 |
| FEP | 5 | 5 | 10 | 11 |
| Regency | 14 | — | 14 | — |
| Other | 11 | — | 17 | — |
| Total proportionate share of interest, depreciation, amortization, non-cash compensation expense, loss on debt extinguishment and taxes | <u>\$ 121</u> | <u>\$ 96</u> | <u>\$ 214</u> | <u>\$ 140</u> |
| Adjusted EBITDA related to unconsolidated affiliates: | | | | |
| AmeriGas | \$ 16 | \$ — | \$ 113 | \$ 75 |
| Citrus | 79 | 77 | 141 | 81 |
| FEP | 19 | 18 | 37 | 37 |
| Regency | 16 | — | 16 | — |
| Other | 28 | 2 | 16 | 3 |
| Total Adjusted EBITDA attributable to unconsolidated affiliates | <u>\$ 158</u> | <u>\$ 97</u> | <u>\$ 323</u> | <u>\$ 196</u> |
| Distributions received from unconsolidated affiliates: | | | | |
| AmeriGas | \$ 24 | \$ 23 | \$ 48 | \$ 46 |
| Citrus | 39 | 25 | 63 | 25 |
| FEP | 16 | 17 | 33 | 35 |
| Regency | 15 | — | 15 | — |
| Other | 8 | 2 | 38 | 3 |
| Total distributions received from unconsolidated affiliates | <u>\$ 102</u> | <u>\$ 67</u> | <u>\$ 197</u> | <u>\$ 109</u> |