
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K/A

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

**May 10, 2010
Date of Report (Date of earliest event reported)**

ENERGY TRANSFER PARTNERS, L.P.

(Exact name of Registrant as specified in its charter)

**Delaware
(State or other jurisdiction
of incorporation)**

**1-11727
(Commission
File Number)**

**73-1493906
(IRS Employer
Identification Number)**

**3738 Oak Lawn Avenue
Dallas, Texas 75219
(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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Explanatory Note: Energy Transfer Partners, L.P. is filing this Amendment to its Current Report on Form 8-K/A filed on May 13, 2010 (the “Original Report”) to include a correct copy of the Redemption and Exchange Agreement, dated May 10, 2010, by and among Energy Transfer Partners, L.P. and Energy Transfer Equity, L.P., as Exhibit 2.1. The Original Report inadvertently included an incorrect document as Exhibit 2.1 thereto.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description of the Exhibit
Exhibit 2.1*	Redemption and Exchange Agreement, dated May 10, 2010, by and among Energy Transfer Partners, L.P. and Energy Transfer Equity, L.P.

* Pursuant to the rules of the Commission, the remaining schedules and similar attachments to the agreement have not been filed herewith. The registrant agrees to furnish supplementally a copy of any omitted schedule to the Commission upon request.

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 PARTNERS, L.P.

By: Energy Transfer Partners GP, L.P.,
its general partner

By: Energy Transfer Partners, L.L.C.
its general partner

Date: June 2, 2010

/s/ Martin Salinas, Jr.

Martin Salinas, Jr.
Chief Financial Officer

EXHIBIT INDEX

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REDEMPTION AND EXCHANGE AGREEMENT

BY AND AMONG

ENERGY TRANSFER EQUITY, L.P.,

AND

ENERGY TRANSFER PARTNERS, L.P.

MAY 10, 2010

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REDEMPTION AND EXCHANGE AGREEMENT

This **REDEMPTION AND EXCHANGE AGREEMENT** (this “**Agreement**”), dated as of May 10, 2010 (the “**Execution Date**”), is made and entered into by and among Energy Transfer Equity, L.P., a Delaware limited partnership (“**ETE**”), and Energy Transfer Partners, L.P., a Delaware limited partnership (“**ETP**”).

Each of the parties to this Agreement is sometimes referred to individually in this Agreement as a “**Party**” and all of the parties to this Agreement are sometimes collectively referred to in this Agreement as the “**Parties**.”

RECITALS

WHEREAS, reference is hereby made to that certain Amended and Restated Limited Liability Company Agreement dated as of March 1, 2007 (the “**Company LLC Agreement**”), of Midcontinent Express Pipeline, LLC, a Delaware limited liability company (the “**Company**”), by and between Kinder Morgan Operating Limited Partnership “A” and ETC Midcontinent Express Pipeline, L.L.C.;

WHEREAS, ETC Midcontinent Express Pipeline III, L.L.C., a Delaware limited liability company and indirect wholly owned subsidiary of ETP (“**ETC III**”) owns a 49.9% membership interest in the Company (the “**ETC III MEP Interest**”);

WHEREAS, ETC Midcontinent Express Pipeline II, L.L.C., a Delaware limited liability company and indirect wholly owned subsidiary of ETP (“**ETC II**”) owns a 0.1% membership interest in the Company (the “**ETC II MEP Interest**”);

WHEREAS, ETP desires to convey to ETE (a) all of the outstanding membership interests in ETC III (the “**Acquired ETC III Interest**”) and (b) an option (the “**ETC II Option**”) to purchase all of the outstanding membership interests in ETC II (the “**Acquired ETC II Interest**” and, together with the Acquired ETC III Interest, the “**Acquired Interests**”) on the date that is one year and one day following the Closing Date (the “**Option Closing Date**”) in exchange for the redemption of certain limited partner interests of ETP held by ETE (the “**Redemption**”);

WHEREAS, pursuant to that certain General Partner Purchase Agreement, dated as of the date hereof (the “**Regency GP Purchase Agreement**”), by and among Regency GP Acquirer, L.P., a Delaware limited partnership, ETE and ETE GP Acquirer LLC, a Delaware limited liability company (“**ETE GP Acquirer**”), subject to the terms and conditions contained therein, ETE (through ETE GP Acquirer) has agreed to acquire (the “**Regency GP Purchase**”) (a) 100% of the membership interests in Regency GP, LLC, a Delaware limited liability company and the general partner of RGPLP (defined below) (“**RGPLLC**”), and (b) all of the outstanding limited partner interests in Regency GP LP, a Delaware limited partnership (“**RGPLP**”) and the sole owner of the general partner interests of Regency Energy Partners LP, a Delaware limited partnership (“**Regency**”);

WHEREAS, immediately after the consummation of this Agreement and the Regency GP Purchase, and subject to the terms and conditions of that certain Contribution Agreement to be

entered into by and among ETE, Regency and Regency Midcontinent Express LLC, a Delaware limited liability company (“**Regency SPV**”) (the “**Regency Contribution Agreement**”), ETE desires to (i) contribute to Regency (through Regency SPV), and Regency (through Regency SPV) desires to accept from ETE, the Acquired ETC III Interest and (ii) assign, transfer and sell to Regency (through Regency SPV), and Regency (through Regency SPV) desires to accept from ETE, the ETC II Option, in exchange for certain common units representing limited partner interests of Regency as described therein.

A G R E E M E N T S

NOW, THEREFORE, in consideration of the representations, warranties, agreements and covenants contained in this Agreement, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties undertake and agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATIONS

1.1 **Definitions.** Capitalized terms used in this Agreement but not defined in the body of this Agreement shall have the meanings ascribed to them in Exhibit A. Capitalized terms defined in the body of this Agreement are listed in Exhibit A with reference to the location of the definitions of such terms in the body of this Agreement.

1.2 **Interpretations.** In this Agreement, unless a clear contrary intention appears: (a) the singular includes the plural and vice versa; (b) reference to a Person includes such Person’s successors and assigns but, in the case of a Party, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity; (c) reference to any gender includes each other gender; (d) references to any Exhibit, Schedule, Section, Article, Annex, subsection and other subdivision refer to the corresponding Exhibits, Schedules, Sections, Articles, Annexes, subsections and other subdivisions of this Agreement unless expressly provided otherwise; (e) references in any Section or Article or definition to any clause means such clause of such Section, Article or definition; (f) “hereunder,” “hereof,” “hereto” and words of similar import are references to this Agreement as a whole and not to any particular provision of this Agreement; (g) the word “or” is not exclusive, and the word “including” (in its various forms) means “including without limitation”; (h) each accounting term not otherwise defined in this Agreement has the meaning commonly applied to it in accordance with GAAP; (i) references to “days” are to calendar days; and (j) all references to money refer to the lawful currency of the United States. The Table of Contents and the Article and Section titles and headings in this Agreement are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

ARTICLE II
REDEMPTION OF THE REDEEMED UNITS; EXCHANGE OF THE ACQUIRED INTERESTS; CLOSING

2.1 **Redemption of the Redeemed Units.** Upon the terms and subject to the satisfaction or due waiver of the conditions contained in this Agreement, at the Closing ETE shall surrender to ETP for redemption, and ETP shall accept for redemption from ETE, 12,273,830 ETP Common Units. The ETP Common Units to be surrendered by ETE to ETP for redemption as contemplated herein are referred to in this Agreement as the “**Redeemed Units.**”

2.2 **Transfer of the Acquired Interests.** Upon the terms and subject to the satisfaction or due waiver of the conditions contained in this Agreement, in exchange for the Redeemed Units at the Closing, ETP shall (a) convey, assign, transfer and deliver to ETE, and ETE shall accept from ETP, the Acquired ETC III Interest and (b) grant ETE the ETC II Option.

2.3 **Time and Place of Closing.** The closing of the redemption of the Redeemed Units in exchange for the transfer of the Acquired Interests, the granting of the ETC II Option and the other transactions contemplated by this Agreement (the “**Closing**”) will take place at the offices of Vinson & Elkins L.L.P., 1001 Fannin Street, Suite 2500, Houston, Texas 77002 on the second Business Day after all of the conditions set forth in Article VI (other than those conditions which by their terms are only capable of being satisfied at the Closing, but subject to the satisfaction or due waiver of those conditions) have been satisfied or waived by the Party or Parties entitled to waive such conditions, unless another time, date and place are agreed to in writing by the Parties. The date of the Closing is referred to in this Agreement as the “**Closing Date.**” The Closing will be deemed effective as of 12:02 a.m., Houston, Texas time, on the Closing Date.

2.4 Deliveries and Actions at Closing.

(a) **ETE Deliveries and Actions.** At the Closing, ETE will execute and deliver, or cause to be executed and delivered, to ETP, each of the following documents, where the execution or delivery of documents is contemplated, and will take or cause to be taken the following actions, where the taking of actions is contemplated:

(i) Redeemed Units. Original unit certificates representing the ETP Common Units comprising the Redeemed Units;

(ii) Estimated Consideration Adjustment. The amount, if any, required to be paid by ETE at Closing pursuant to Section 2.5(b), by wire transfer of immediately available funds to an account designated by ETP before Closing.

(iii) Assignment of Interest. A counterpart of an assignment (the “**Assignment of Interest**”), substantially in the form attached hereto as Exhibit C, evidencing the conveyance, assignment, transfer and delivery to ETE of the Acquired ETC III Interest, duly executed by ETE;

(iv) ETE Option Agreement. A counterpart of an option agreement, substantially in the form attached hereto as Exhibit D (the “**ETE Option Agreement**”),

evidencing ETE's option to acquire all of the outstanding membership interests in ETC II on the Option Closing Date, duly executed by ETE; and

(b) ETP Deliveries and Actions. At the Closing, ETP will execute and deliver, or cause to be executed and delivered, to ETE, each of the following documents, where the execution or delivery of documents is contemplated, and will take or cause to be taken the following actions, where the taking of actions is contemplated:

(i) Estimated Consideration Adjustment. The amount, if any, required to be paid by ETP at Closing pursuant to Section 2.5(b), by wire transfer of immediately available funds to an account designated by ETE before Closing;

(ii) Distribution Amounts. The amount, if any, required to be paid by ETP pursuant to Section 2.6(a) and Section 2.6(b), by wire transfer of immediately available funds to an account designated by ETE;

(iii) FIRPTA Certificate. A certificate of ETP in the form specified in Treasury Regulation Section 1.1445-2(b)(2)(iv) that ETP is not a "foreign person" within the meaning of Section 1445 of the Code;

(iv) Assignment of Interest. A counterpart of the Assignment of Interest, duly executed by ETP;

(v) ETE Option Agreement. A counterpart of the ETE Option Agreement, duly executed by ETP; and

2.5 ***Consideration Adjustment***.

(a) The "***Consideration Adjustment Amount***" shall be an amount determined as follows:

(i) The Consideration Adjustment Amount shall be increased by 49.9% of the amount (if any) by which the Net Working Capital of the Company as of the Closing Date ("***Closing Date Net Working Capital***") exceeds negative \$83,161,000 (the "***Net Working Capital Threshold***");

(ii) The Consideration Adjustment Amount shall be decreased by 49.9% of the amount (if any) by which the Net Working Capital Threshold exceeds Closing Date Net Working Capital;

(iii) The Consideration Adjustment Amount shall be decreased by 49.9% of the amount (if any) by which the Long-Term Debt of the Company as of the Closing Date ("***Closing Date Long-Term Debt***") exceeds \$798,836,000 (the "***Long-Term Debt Threshold***");

(iv) The Consideration Adjustment Amount shall be increased by 49.9% of the amount (if any) by which the Long-Term Debt Threshold exceeds Closing Date Long-Term Debt;

(v) The Consideration Adjustment Amount shall be increased by 49.9% of the Pre-Closing Capex Amount.

(b) Not later than eleven Business Days prior to the Closing Date, ETP shall prepare and deliver to ETE a preliminary settlement statement (the “**Estimated Adjustment Statement**”) setting forth (i) an estimated balance sheet of the Company as of the Closing Date, which balance sheet will be prepared in accordance with GAAP, applied consistently with the Company’s past practices (including its preparation of the Financial Statements) (the “**Estimated Closing Date Balance Sheet**”) based on the most recent financial information of the Company reasonably available to ETP, (ii) a calculation of the difference, if any, between the Net Working Capital shown on the Estimated Closing Date Balance Sheet (“**Estimated Net Working Capital**”) and the Net Working Capital Threshold, (iii) a calculation of the difference, if any, between the Closing Date Long-Term Debt shown on the Estimated Closing Date Balance Sheet (“**Estimated Closing Date Long-Term Debt**”) and the Long-Term Debt Threshold, (iv) an estimated calculation of the Pre-Closing Capex Amount (“**Estimated Pre-Closing Capex Amount**”) and (v) an estimated calculation of the Consideration Adjustment Amount. ETE shall have the right, following ETE’s receipt of the Estimated Adjustment Statement, to object thereto by delivering written notice to ETP no later than two Business Days before the Closing Date (which objection may, at the discretion of ETE, include any objections of Regency delivered to ETE in relation to the estimated adjustment statement delivered by ETE to Regency pursuant to the first sentence of Section 2.5(b) of the Regency Contribution Agreement). To the extent ETE timely objects to the Estimated Adjustment Statement (or any component thereof), ETE and ETP shall attempt to resolve their differences (including by working with Regency to resolve any differences in respect of the determinations to be made under Section 2.5(b) of the Regency Contribution Agreement); provided that, if ETE and ETP (and, to the extent applicable, Regency) are unable to resolve any such dispute prior to the Closing Date, then ETP’s calculations as reflected in the Estimated Adjustment Statement shall control for purposes of all payments to be made at Closing. To the extent ETE and ETP resolve any of their differences prior to the Closing, then the Parties shall jointly agree on a revised Estimated Adjustment Statement that will control for purposes of the payments to be made at the Closing. The estimated Consideration Adjustment Amount that controls for purposes of the payments to be made at the Closing is referred to herein as the “**Estimated Consideration Adjustment Amount**.” If the Estimated Consideration Adjustment is (i) a positive number, then at the Closing ETE shall wire transfer in immediately available funds the amount of the Estimated Consideration Adjustment Amount to an account to be designated by ETP before Closing, or (ii) a negative number, then at the Closing ETP shall wire transfer in immediately available funds an amount equal to the absolute value of such Estimated Consideration Adjustment Amount to an account to be designated by ETE before Closing.

(c) Not later than the 91st day following the Closing Date, ETE shall prepare and deliver to ETP a statement (the “**Final Adjustment Statement**”) (which Final Adjustment Statement may, at the discretion of ETE, be the same as the final adjustment statement delivered by Regency to ETE pursuant to Section 2.5(c) of the Regency Contribution Agreement) setting forth (i) a balance sheet of the Company as of the Closing Date, which balance sheet will be prepared in the same manner as the Estimated Closing Date Balance Sheet (the “**Final Closing Date Balance Sheet**”) based on the most recent financial information of the Company reasonably available to ETE or Regency, (ii) a calculation of the difference, if any, between the

Net Working Capital shown on the Final Closing Date Balance Sheet and Estimated Net Working Capital, (iii) a calculation of the difference, if any, between the Closing Date Long-Term Debt shown on the Final Closing Date Balance Sheet and Estimated Closing Date Long-Term Debt, (iv) a calculation of the actual Pre-Closing Capex Amount (the “**Final Pre-Closing Capex Amount**”), together with a calculation showing the difference, if any, between the Final Pre-Closing Capex Amount and the Estimated Pre-Closing Capex Amount and (v) the final calculation of the Consideration Adjustment Amount. At any time during the 29-day period following the receipt of the Final Adjustment Statement (the “**Review Period**”), ETP may deliver to ETE a written report containing any changes that ETP proposes be made to the Final Adjustment Statement (such written report, an “**Objection Notice**”). ETE shall provide to ETP such documentation and other data that is in its possession or that it has the right to obtain from Regency pursuant to Section 2.5(c) of the Regency Contribution Agreement, and, during normal business hours, access to its and the Company’s officers, employees, agents and other personnel as is reasonably necessary to enable ETP to appropriately review the Final Adjustment Statement, including preparing a Final Closing Date Balance Sheet and making the calculations set forth in the first sentence of this Section 2.5(c). ETP shall be deemed to have waived any rights to object to the Final Adjustment Statement unless ETP delivers an Objection Notice to ETE within the Review Period and, if the Review Period expires without ETP so delivering an Objection Notice, then the Final Adjustment Statement shall become final and binding for all purposes of this Agreement. If ETP delivers an Objection Notice to ETE during the Review Period, then ETP and ETE shall attempt to agree on the amount of the actual Consideration Adjustment Amount, including by working with Regency to determine the actual Purchase Price Adjustment Amount (as such term is defined in the Regency Contribution Agreement); provided that ETE shall have no obligation to agree on the amount of the actual Consideration Adjustment Amount so long as Regency has not agreed to the actual Purchase Price Adjustment Amount. If such Parties cannot reach agreement within 30 days after the date on which ETP delivered such Objection Notice to ETE, the Parties and Regency, if applicable, shall refer the remaining disputed matters necessary to the final determination of the Consideration Adjustment Amount to PricewaterhouseCoopers LLP, or if PricewaterhouseCoopers LLP is unable or unwilling to perform its obligations under this Section 2.5(c), such other nationally-recognized independent accounting firm as is mutually agreed on by ETE and ETP (the “**Accounting Firm**”). The Accounting Firm shall, if requested by ETE and ETP, resolve any disputes under this Section 2.5(c) as well as any disputes under Section 2.5(c) of the Regency Contribution Agreement. Each Party shall deliver simultaneously to the Accounting Firm (i) the Objection Notice and such work papers, invoices and other reports and information relating to the disputed matters as the Accounting Firm may request and (ii) such Party’s proposed resolution of the disputed matters and any materials it wishes to present to justify the resolution it so presents. Each Party shall be afforded the opportunity to discuss the disputed matters with the Accounting Firm. The Accounting Firm shall act as an expert (and not as an arbitrator) for the limited purpose of determining the specific disputed matters necessary to the final determination of the Consideration Adjustment Amount submitted by either ETP or ETE to the Accounting Firm, and whether and to what extent, if any, the Consideration Adjustment Amount requires adjustment as a result of the resolution of those disputed matters (applying GAAP consistently with the Company’s past practices). The Accounting Firm may not award damages or penalties and shall not have authority to address matters not in dispute between the Parties or necessary to the determination of the final Consideration Adjustment Amount. The Accounting Firm’s

determination shall be made within 30 days after submission of the disputed matters and shall be final and binding on all Parties, without right of appeal. In determining the proper amount of the Consideration Adjustment Amount, the Accounting Firm shall not increase the Consideration Adjustment Amount more than the increase proposed by ETP nor decrease the Consideration Adjustment Amount more than the decrease proposed by ETE, as applicable. Each Party shall each bear its own legal fees and other costs of presenting its case to the Accounting Firm. ETP shall bear all of the costs and expenses of the Accounting Firm incurred in resolving such disputed matters that are allocated to ETE or ETP, taking into account costs and expenses to be borne by Regency in accordance with Section 2.5(c) of the Regency Contribution Agreement. The Consideration Adjustment Amount as finally determined pursuant to this Section 2.5(c) shall be referred to as the **“Final Consideration Adjustment Amount.”**

(d) Within ten days after the earlier of (i) the expiration of the Review Period without delivery of any Objection Notice and (ii) the date on which ETP, ETE or the Accounting Firm, as applicable, finally determine the actual Consideration Adjustment Amount (A) if the Final Consideration Adjustment Amount exceeds the Estimated Consideration Adjustment Amount (such excess, the **“ETP Adjustment Payment”**), ETE shall wire transfer in immediately available funds an amount equal to the ETP Adjustment Payment to an account designated by ETP, and (B) if the Estimated Consideration Adjustment Amount exceeds the Final Consideration Adjustment Amount (such excess, the **“ETE Adjustment Payment”**), ETP shall wire transfer in immediately available funds an amount equal to the ETE Adjustment Payment to an account designated by ETE.

2.6 Pro Ration of Distributions.

(a) If the Closing occurs after the last day of the calendar quarter (the **“Preceding Quarter”**) immediately prior to the calendar quarter (the **“Closing Quarter”**) in which the Closing Date occurs but prior to the Record Date for the distribution in respect of the Preceding Quarter, then at the Closing ETP shall wire transfer in immediately available funds to an account designated by ETE before Closing the following:

(i) an amount equal to the product of (A) the number of Redeemed Units multiplied by (B) \$0.89375 (unless prior to the Closing, ETP shall have declared its distribution in respect of the Preceding Quarter, in which event such number in this clause (II) shall be the amount declared per ETP Common Unit) (such amount being referred to herein as the **“Estimated Preceding Quarter Distribution Amount”**);

(ii) an amount equal to \$6,013,274 (the **“GP/IDR Distribution Amount”**);

(iii) an amount equal to the product of (A) the number of Redeemed Units multiplied by (B) the product of (I) \$0.89375 times (II) a fraction, (1) the numerator of which is the number of days in the Closing Quarter commencing on the first day of the Closing Quarter and ending on and including the Closing Date and (2) the denominator of which is the total number of days in the Closing Quarter (the amount determined pursuant to this clause (iii) being referred to herein as the **“Estimated Pro Rata Closing Quarter Distribution Amount”**); and

(iv) the product of (A) the GP/IDR Distribution Amount times (B) a fraction (I) the numerator of which is the number of days in the Closing Quarter commencing on the first day of the Closing Quarter and ending on and including the Closing Date and (II) the denominator of which is the total number of days in the Closing Quarter (the amount determined pursuant to this clause (iv), the “**Pro Rata Closing Quarter GP/IDR Distribution Amount**”).

(b) If the Closing occurs after the Record Date for the distribution in respect of the Preceding Quarter, then at the Closing ETP shall wire transfer in immediately available funds an amount equal to the sum of the Estimated Pro Rata Closing Quarter Distribution Amount and the Pro Rata Closing Quarter GP/IDR Distribution Amount to an account designated by ETP before Closing.

(c) If the Closing occurs within the period specified in Section 2.6(a), unless the actual declared per unit distribution in respect of the Preceding Quarter is used to determine the Estimated Preceding Quarter Distribution Amount, then not later than the second Business Day following ETP’s declaration of its distribution in respect of the Preceding Quarter, ETP shall prepare and deliver to ETE a calculation of the Actual Preceding Quarter Distribution Amount (as defined below). Within two Business Days of the delivery to ETE of such calculation, (i) if the Actual Preceding Quarter Distribution Amount exceeds the Estimated Preceding Quarter Distribution Amount, then ETP shall wire transfer in immediately available funds the amount of such excess to an account designated by ETE and (ii) if the Estimated Preceding Quarter Distribution Amount exceeds the Actual Preceding Quarter Distribution Amount, then ETE shall wire transfer in immediately available funds the amount of such excess to an account designated by ETP.

(d) Not later than the second Business Day following ETP’s declaration of its distribution in respect of the Closing Quarter, ETP shall prepare and deliver to ETE a calculation of the Actual Pro Rata Closing Quarter Distribution Amount (as defined below). Within two Business Days of the delivery of such calculation, (i) if the Actual Pro Rata Closing Quarter Distribution Amount exceeds the Estimated Pro Rata Closing Quarter Distribution Amount, ETP shall wire transfer in immediately available funds an amount equal to such excess to an account designated by ETE and (ii) if the Estimated Pro Rata Closing Quarter Distribution Amount exceeds the Actual Pro Rata Closing Quarter Distribution Amount, ETE shall wire transfer in immediately available funds an amount equal to such excess to an account designated by ETP.

(e) “**Actual Preceding Quarter Distribution Amount**” means the product of (i) the number of Redeemed Units multiplied by (ii) the actual per-unit distribution declared on the ETP Common Units in respect of the Preceding Quarter.

(f) “**Actual Pro Rata Closing Quarter Distribution Amount**” means the product of (i) the number of Redeemed Units multiplied by (ii) the actual per-unit distribution declared on the ETP Common Units in respect of the Closing Quarter multiplied by (iii) a fraction, (A) the numerator of which is the number of days in the Closing Quarter commencing on the first day of such quarter and ending on and including the Closing Date and (B) the denominator of which is the total number of days in the Closing Quarter.

2.7 Adjustment to Contribution Consideration. All amounts to be paid by ETP to ETE pursuant to Section 2.6 shall be deemed to be adjustments to the Consideration Adjustment Amount.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF ETP

ETP hereby represents and warrants to ETE as follows:

3.1 Organization; Qualification. Each of ETP, ETC III, ETC II and the Company is an entity duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite organizational power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, and is duly qualified, registered or licensed to do business as a foreign entity and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so duly qualified, registered or licensed and in good standing would not reasonably be expected to have a Company Material Adverse Effect or to prevent or materially delay the consummation of the transactions contemplated by the Transaction Documents to which ETP is, or will be, a party or to materially impair ETP's ability to perform its obligations under the Transaction Documents to which it is, or will be, a party. ETP has made available to ETE true and complete copies of the Organizational Documents of ETC III, ETC II and the Company, as in effect on the Execution Date.

3.2 Authority; Enforceability.

(a) ETP has the requisite partnership power and authority to execute and deliver the Transaction Documents to which it is, or will be, a party, and to consummate the transactions contemplated thereby. The execution and delivery by ETP of the Transaction Documents to which ETP is, or will be, a party, and the consummation by ETP of the transactions contemplated thereby, have been duly and validly authorized by ETP, and no other limited partnership proceedings on the part of ETP are necessary to authorize the Transaction Documents to which it is, or will be, a party or to consummate the transactions contemplated by the Transaction Documents to which it is, or will be, a party.

(b) The Transaction Documents to which ETP is, or will be, a party have been (or will be, when executed and delivered at the Closing) duly executed and delivered by ETP, and, assuming the due authorization, execution and delivery by the other parties thereto, each Transaction Document to which ETP is, or will be, a party constitutes (or will constitute, when executed and delivered at the Closing) the valid and binding agreement of ETP, enforceable against ETP in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws relating to or affecting creditors' rights generally and subject, as to enforceability, to legal principles of general applicability governing the availability of equitable remedies, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether such enforceability is considered in a proceeding in equity or at law) (collectively, "**Creditors' Rights**").

3.3 *Non-Contravention.*

(a) Except as set forth on Schedule 3.3(a) of the ETP Disclosure Schedule, the execution, delivery and performance by ETP of the Transaction Documents to which ETP is, or will be, a party and the consummation by ETP of the transactions contemplated thereby do not and will not: (i) result in any breach of any provision of the Organizational Documents of ETP; (ii) constitute a default (or an event that with notice or passage of time or both would give rise to a default) under, or give rise to any right of termination, cancellation, amendment or acceleration (with or without the giving of notice, or the passage of time or both) under any of the terms, conditions or provisions of any Contract to which ETP is a party or by which any property or asset of ETP is bound or affected; (iii) assuming compliance with the matters referred to in Section 3.4, violate any Law to which ETP is subject or by which any of ETP's properties or assets is bound, except, in the cases of clauses (ii) and (iii) for such defaults or rights of termination, cancellation, amendment or acceleration or violations as would not reasonably be expected to have a Company Material Adverse Effect or to prevent or materially delay the consummation of the transactions contemplated by the Transaction Documents to which ETP is, or will be, a party or to materially impair ETP's ability to perform its obligations under the Transaction Documents to which it is, or will be, a party.

(b) Except as set forth on Schedule 3.3(b) of the ETP Disclosure Schedule, the execution, delivery and performance of the Transaction Documents to which ETP is, or will be, a party by ETP and the consummation by ETP of the transactions contemplated thereby do not and will not: (i) result in any breach of any provision of the Organizational Documents of ETC III, ETC II or the Company; (ii) constitute a default (or an event that with the giving of notice or the passage of time or both would give rise to a default) under, or give rise to any right of termination, cancellation, amendment or acceleration (with or without the giving of notice, or the passage of time or both) under any of the terms, conditions or provisions of any Contract to which ETC III, ETC II or the Company is a party or by which any property or assets of ETC III, ETC II or the Company is bound or affected; (iii) assuming compliance with the matters referred to in Section 3.4, violate any Law to which ETC III, ETC II or the Company is subject or by which any of ETC III's, ETC II's or the Company's properties or assets is bound; (iv) constitute (with or without the giving of notice or the passage of time or both) an event which would result in the creation of any Lien (other than Permitted Liens) on any asset of ETC III, ETC II or the Company; or (v) cause ETC III, ETC II or the Company to become subject to, or to become liable for the payment of, any Tax, except, in the cases of clauses (ii), (iii) and (iv), for such defaults or rights of termination, cancellation, amendment, or acceleration, violations or Liens, as would not reasonably be expected to have a Company Material Adverse Effect.

3.4 Governmental Approvals. Except as set forth on Schedule 3.4 of the ETP Disclosure Schedule, no declaration, filing or registration with, or notice to, or authorization, consent or approval of, any Governmental Authority is necessary for the consummation by ETP of the transactions contemplated by the Transaction Documents to which it is, or will be, a party, other than (a) filings under the HSR Act, if any, and (b) such other declarations, filings, registrations, notices, authorizations, consents or approvals that have been obtained or made or that would in the ordinary course be made or obtained after the Closing, or which, if not obtained or made, would not reasonably be expected to have a Company Material Adverse Effect or to prevent or materially delay the consummation of the transactions contemplated by the

Transaction Documents to which ETP is, or will be, a party or to materially impair ETP's ability to perform its obligations under the Transaction Documents to which it is, or will be, a party.

3.5 **Capitalization.**

(a) Schedule 3.5(a) of the ETP Disclosure Schedule sets forth, as of the Execution Date, a correct and complete description of the following: (i) all of the issued and outstanding membership interests of ETC III, ETC II and the Company and (ii) the record owners of the membership interests of ETC III, ETC II and the Company. Except as set forth on Schedule 3.5(a) of the ETP Disclosure Schedule, there are no other outstanding equity interests of the Company.

(b) (i) At the Closing, the Acquired ETC III Interest (A) will constitute 100% of the issued and outstanding membership interests of ETC III, (B) will have been duly authorized, validly issued and fully paid (to the extent required under the ETC III LLC Agreement) and will be nonassessable (except as such nonassessability may be affected by Section 18-607 of the Delaware LLC Act) and (C) will not have been issued in violation of any preemptive rights, rights of first refusal or other similar rights of any Person.

(ii) At the Closing, the Acquired ETC II Interest (A) will constitute 100% of the issued and outstanding membership interests of ETC II, (B) will have been duly authorized, validly issued and fully paid (to the extent required under the ETC II LLC Agreement) and will be nonassessable (except as such nonassessability may be affected by Section 18-607 of the Delaware LLC Act) and (C) will not have been issued in violation of any preemptive rights, rights of first refusal or other similar rights of any Person.

(c) The ETC III MEP Interest (i) constitutes 49.9% of the issued and outstanding membership interests of the Company, (ii) has been duly authorized, validly issued and fully paid (to the extent required under the Company Agreement) and is nonassessable (except as such nonassessability may be affected by Section 18-607 of the Delaware LLC Act) and (iii) was not issued in violation of any preemptive rights, rights of first refusal or other similar rights of any Person. The ETC III MEP Interest is owned beneficially and of record by ETC III, free and clear of all Liens other than (i) any transfer restrictions imposed by federal and state securities laws and (ii) any transfer restrictions contained in the Organizational Documents of the Company.

(d) The ETC II MEP Interest (i) constitutes 0.1% of the issued and outstanding membership interests of the Company, (ii) has been duly authorized, validly issued and fully paid (to the extent required under the Company LLC Agreement) and is nonassessable (except as such nonassessability may be affected by Section 18-607 of the Delaware LLC Act) and (iii) was not issued in violation of any preemptive rights, rights of first refusal or other similar rights of any Person. The ETC II MEP Interest is owned beneficially and of record by ETC II, free and clear of all Liens other than (i) any transfer restrictions imposed by federal and state securities laws and (ii) any transfer restrictions contained in the Organizational Documents of the Company.

(e) Except as set forth in the ETE Option Agreement or the Company LLC Agreement, there are no preemptive rights, rights of first refusal or other outstanding rights,

options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements, calls, subscription agreements, commitments or rights of any kind that obligate ETC III, ETC II or the Company to issue or sell any equity interests or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, any equity interests in ETC III, ETC II or the Company, and no securities or obligations evidencing such rights are authorized, issued or outstanding. There are no preemptive rights, rights of first refusal or other outstanding options, warrants, conversion rights, redemption rights, repurchase rights, calls or subscription agreements pursuant to the Company LLC Agreement or any other agreement to which ETC III, ETC II or the Company is a party that is or will be exercisable in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

(f) None of ETC III, ETC II or the Company has outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exercisable for securities having the right to vote) with the holders of equity interests in ETC III, ETC II or the Company on any matter.

(g) As of the Execution Date, none of ETC III, ETC II or the Company owns any equity interest in any other Person except for (i) ETC III's ownership of the ETC III MEP Interest and (ii) ETC II's ownership of the ETC II MEP Interest.

3.6 Ownership of Acquired Interests.

(a) (i) ETP has good and valid title to the Acquired ETC III Interest, free and clear of all Liens other than (A) any transfer restrictions imposed by federal and state securities laws and (B) any transfer restrictions contained in the Organizational Documents of ETC III.

(ii) ETP has good and valid title to the Acquired ETC II Interest, free and clear of all Liens other than (A) any transfer restrictions imposed by federal and state securities laws, (B) any transfer restrictions contained in the Organizational Documents of ETC II and (C) the ETC II Option.

(b) (i) Upon the consummation of the transactions contemplated by this Agreement, ETP will assign, convey, transfer and deliver to ETE good and valid title to the Acquired ETC III Interest, free and clear of all Liens other than (A) any transfer restrictions imposed by federal and state securities laws, (B) any transfer restrictions contained in the Organizational Documents of ETC III and (C) any Liens on the Acquired ETC III Interest as a result of actions by ETE.

(ii) Upon the consummation of the transactions contemplated by the ETE Option Agreement, ETP will assign, convey, transfer and deliver to ETE good and valid title to the Acquired ETC II Interest, free and clear of all Liens other than (A) any transfer restrictions imposed by federal and state securities laws, (B) any transfer restrictions contained in the Organizational Documents of ETC II and (C) any Liens on the Acquired ETC II Interest as a result of actions by ETE.

(c) ETP is not a party to any agreements, arrangements or commitments obligating ETP to grant, deliver or sell, or cause to be granted, delivered or sold, the Acquired Interests, by

sale, lease, license or otherwise, other than (i) this Agreement, (ii) the ETE Option Agreement to be executed at Closing and (iii) the purchase rights in favor of certain members of the Company set forth in Section 3.6(b) of the Company LLC Agreement.

(d) There are no voting trusts, proxies or other agreements or understandings to which ETP is bound with respect to the voting of the Acquired Interests.

3.7 Compliance with Law. Except for Environmental Laws, Laws requiring the obtaining or maintenance of a Permit and Tax matters, which are the subject of Sections 3.12, 3.15 and 3.16, respectively, and except as to matters that would not reasonably be expected to have a Company Material Adverse Effect, (a) the Company is in compliance with all applicable Laws, (b) the Company has not received written notice of any violation of any applicable Law and (c) to the Knowledge of ETP, the Company is not under investigation by any Governmental Authority for potential non-compliance with any Law.

3.8 Title to Properties and Assets. Except as to matters that would not reasonably be expected to have a Company Material Adverse Effect, the Company has title to or rights or interests in its real property and personal property, free and clear of all Liens (subject to Permitted Liens), sufficient to allow it to conduct its business as currently being conducted or as will be conducted immediately following completion of the MEP Expansion Project.

3.9 Rights-of-Way. Except as set forth on Schedule 3.9 of the ETP Disclosure Schedule, (a) the Company has such Rights-of-Way from each Person as are necessary to use, own and operate the Company's assets in the manner such assets are currently used, owned and operated by the Company or as will be used, owned or operated by the Company immediately following completion of the MEP Expansion Project, (b) the Company has fulfilled and performed all of its obligations with respect to such Rights-of-Way and (c) no event has occurred that allows, or after the giving of notice or the passage of time, or both, would allow, revocation or termination thereof or would result in any impairment of the rights of the holder of any such Rights-of-Way.

3.10 Financial Statements.

(a) Attached hereto as Schedule 3.10(a) of the ETP Disclosure Schedule are true and complete copies of the following financial statements (collectively, the "**Company Financial Statements**"): (i) an audited balance sheet of the Company as of December 31, 2009 and the related audited statements of income, changes in owners' equity and cash flows for the 12-month period then ended and (ii) an unaudited balance sheet of the Company as of March 31, 2010 and the related unaudited statements of income, changes in owners' equity and cash flows for the quarterly period then ended (the "**Interim Financial Statements**").

(b) Except as set forth on Schedule 3.10(b) of the ETP Disclosure Schedule, the Company Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods presented thereby and fairly present in all material respects the financial position and operating results, equity and cash flows of the Company as of, and for the periods ended on, the respective dates thereof, subject, however, in the case of the

Interim Financial Statements, to normal year-end audit adjustments and accruals and the absence of notes and other textual disclosures required by GAAP.

(c) The Company does not have any liability, whether accrued, contingent, absolute or otherwise, except for (i) liabilities set forth on the balance sheet of the Company dated as of March 31, 2010 or the notes thereto, (ii) liabilities that have arisen since March 31, 2010 in the ordinary course of business and (iii) liabilities that would not reasonably be expected to have a Company Material Adverse Effect.

(d) Neither ETC III nor ETC II has any assets or liabilities other than the ETC III MEP Interest and ETC II MEP Interest, respectively.

3.11 Absence of Certain Changes. Except as set forth on Schedule 3.11 of the ETP Disclosure Schedule or as expressly contemplated by this Agreement, since December 31, 2009, the business of the Company has been conducted in the ordinary course and in a manner consistent with past practice and there has not been:

(a) any event, occurrence or development which has had, or would be reasonably expected to have, a Company Material Adverse Effect;

(b) purchase any securities or ownership interests of, or make any investment in, any Person, other than ordinary course overnight investments consistent with the cash management policies of the Company;

(c) any transaction by the Company that required Special Consent (as such term is defined in the Company LLC Agreement), other than the incurrence of indebtedness pursuant to the Company Credit Facility in accordance with its terms existing on the Execution Date;

(d) any declaration, setting aside or payment of any dividends on or distributions in respect of any equity interests or other securities of the Company;

(e) any capital expenditure in excess of \$500,000 in the aggregate, except (i) [in accordance with the Development Plan (as such term is defined in the Company LLC Agreement) included as Schedule 3.11(e) of the ETP Disclosure Schedule], (ii) in accordance with a Budget (as such term is defined in the Company LLC Agreement) approved in accordance with the Company LLC Agreement prior to the Execution Date and disclosed to ETE, (iii) in accordance with the draft budget included as Schedule 3.22 of the ETP Disclosure Schedule, (iv) maintenance capital expenditures required on an emergency basis or for the safety of individuals or the environment, or (v) any capital expenditure as disclosed in the Interim Financial Statements;

(f) any material change to the Company's tax methods, principles or elections; or

(g) any agreement by the Company to do any of the foregoing.

3.12 Environmental Matters. Except as to matters set forth on Schedule 3.12 of the ETP Disclosure Schedule and except as to matters that would not reasonably be expected to have a Company Material Adverse Effect:

(a) the Company is in compliance with all applicable Environmental Laws;

(b) the Company possesses all Permits required under Environmental Laws for its operations as currently conducted and is in compliance with the terms of such Permits, and such Permits are in full force and effect;

(c) the Company and its properties and operations are not subject to any pending or, to the Knowledge of ETP, threatened Proceeding arising under any Environmental Law, nor has the Company received any written and pending notice, order or complaint from any Governmental Authority alleging a violation of or liability arising under any Environmental Law;

(d) ETP has made available to ETE complete and correct copies of all material environmental site assessment reports and studies relating to the Company that are in the possession of ETP and, to ETP's Knowledge, there are no other such reports or studies in existence; and

(e) to the Knowledge of ETP, there has been no Release of Hazardous Substances on, at, under, to, or from any of the properties of the Company, or from or in connection with the Company's operations in a manner that would reasonably be expected to give rise to any liability pursuant to any Environmental Law.

3.13 **Material Contracts.**

(a) Except as set forth on Schedule 3.13 of the ETP Disclosure Schedule, as of the Execution Date, the Company is not party to or bound by any Contract that:

(i) relates to (A) the purchase of materials, supplies, goods, services or other assets, (B) the purchase, sale, transporting, gathering, processing, or storing of natural gas, condensate or other liquid or gaseous hydrocarbons or the products thereof, or the provision of services related thereto or (C) the construction of capital assets, in the cases of clauses (A), (B) and (C) that (1) provides for either (x) annual payments by the Company in excess of \$500,000 or (y) aggregate payments by the Company in excess of \$1,000,000 and (2) cannot be terminated by the Company on 90 day's or less notice without payment by the Company of any material penalty;

(ii) is a firm natural gas transportation Contract;

(iii) contains any provision or covenant, which after the Closing will apply to the business of the Company, materially restricting the Company from engaging in any lawful business activity or competing with any Person;

(iv) (A) relates to the creation, incurrence, assumption, or guarantee of any indebtedness for borrowed money by the Company or (B) creates a capitalized lease obligation;

(v) relates to any commodity or interest rate swap, cap or collar agreements or other similar hedging or derivative transactions;

(vi) is in respect of the formation of any partnership or joint venture or otherwise relates to the joint ownership or operation of the assets owned by the Company;

(vii) includes the acquisition or sale of assets with a book value in excess of \$1,000,000 (whether by merger, sale of stock, sale of assets or otherwise);

(viii) any Contract or commitment that involves a sharing of profits, losses, costs or liabilities by the Company with any other Person; and

(ix) otherwise involves the payment by or to the Company of more than \$250,000 in the aggregate and cannot be terminated by the Company on 90 days or less notice without payment by the Company of any material penalty.

(b) Each Contract required to be disclosed pursuant to Section 3.13(a) (collectively, the “**Company Material Contracts**”) is a valid and binding obligation of the Company, and is in full force and effect and enforceable in accordance with its terms against the Company and, to the Knowledge of ETP, the other parties thereto, except, in each case, as enforcement may be limited by Creditors’ Rights. ETP has made available to ETE a true and complete copy of each Company Material Contract to which ETP has the right to provide to ETE pursuant to the Organizational Documents of the Company.

(c) None of the Company nor, to the Knowledge of ETP, any other party to any Company Material Contract is in default or breach in any material respect under the terms of any Company Material Contract and no event has occurred that with the giving of notice or the passage of time or both would constitute a breach or default in any material respect by the Company or, to the Knowledge of ETP, any other party to any Company Material Contract, or would permit termination, modification or acceleration under any Company Material Contract.

(d) As of the Execution Date, to the Knowledge of ETP, the Company has not received notice that any current supplier, shipper or customer intends to amend or discontinue a business relationship (including termination of a Company Material Contract) with the Company that could reasonably be expected to generate revenues for the Company or pursuant to which the Company could reasonably be expected to incur costs, in either case of \$1,000,000 or more in the aggregate.

3.14 Legal Proceedings. Other than with respect to Proceedings arising under Environmental Laws which are the subject of Section 3.12 or as is set forth on Schedule 3.14 of ETP Disclosure Schedule, there are no Proceedings pending or, to the Knowledge of ETP, threatened against the Company, except such Proceedings as would not reasonably be expected to have a Company Material Adverse Effect or to prevent or materially delay the consummation of the transactions contemplated by the Transaction Documents to which ETP is, or will be, a party or to materially impair ETP’s ability to perform its obligations under the Transaction Documents to which its is, or will be, a party.

3.15 Permits. Other than with respect to Permits issued pursuant to or required under Environmental Laws that are the subject of Section 3.12, the Company has all Permits as are necessary to use, own and operate its assets in the manner such assets are currently used, owned

and operated by the Company or that will be used, owned or operated by the Company immediately following completion of the MEP Expansion Project, except where the failure to have such Permits would not reasonably be expected to have a Company Material Adverse Effect.

3.16 **Taxes.** (a) All material Tax Returns required to be filed with respect to ETC III, ETC II and the Company have been filed and all such Tax Returns are complete and correct in all material respects and all material Taxes due relating to ETC III, ETC II and the Company have been paid in full. There are no claims (other than claims being contested in good faith through appropriate proceedings and for which adequate reserves have been made in accordance with GAAP) against ETC III, ETC II or the Company for any Taxes, and no assessment, deficiency, or adjustment has been asserted or proposed in writing with respect to any Taxes or Tax Returns of or with respect to ETC III, ETC II or the Company.

(b) No tax audits or administrative or judicial proceedings are being conducted or are pending with respect to ETC III, ETC II or the Company.

(c) All material Taxes required to be withheld, collected or deposited by or with respect to ETC III, ETC II or the Company have been timely withheld, collected or deposited as the case may be, and to the extent required, have been paid to the relevant taxing authority.

(d) There are no outstanding agreements or waivers extending the applicable statutory periods of limitation for any material Taxes associated with the ownership or operation of the assets of ETC III, ETC II or the Company for any period.

(e) None of ETC III, ETC II or the Company is a party to any Tax sharing agreement.

(f) ETP is not a “foreign person” as defined in Section 1445(f)(3) of the Code, and the rules and Treasury Regulations promulgated thereunder, or an entity disregarded as separate from its owner for United States federal income tax purposes.

(g) The Company has in effect an election pursuant to Section 754 of the Code.

(h) None of ETC III, ETC II or the Company, has engaged in a transaction that would be reportable by or with respect to ETC III, ETC II or the Company pursuant to Treasury Regulation § 1.6011-4 or any predecessor thereto.

(i) For each taxable year since its formation, each of the Company, ETC III and ETC II is, or has been, properly classified as a partnership or an entity disregarded as separate from its owner for United States federal income tax purposes. None of the Company, ETC III or ETC II has made an election pursuant to Treasury Regulation Section 301.7701-3(c) to be treated as an association taxable as a corporation for United States federal income tax purposes.

(j) For each taxable year of the Company beginning after December 31, 2005, at least 90% of the gross income of the Company has been income that is “qualifying income” within the meaning of Section 7704(d) of the Code. ETP expects that at least 90% of the gross income of the Company will be income that is “qualifying income” within the meaning of Section 7704(d) of the Code for the taxable year ending on December 31, 2010.

3.17 **Employee Benefits.** None of the Company, ETC III or ETC II employs or has ever employed any employees. None of the Company, ETC III or ETC II or any of their respective ERISA Affiliates sponsors, maintains, contributes to or has an obligation to contribute to, or has, or will have, at any time within the six years immediately preceding the Closing Date sponsored, maintained, contributed to or had an obligation to contribute to, any “employee benefit plans” (within the meaning of Section 3(3) of ERISA or any stock purchase, stock option, severance, employment, change-in-control, fringe benefit, collective bargaining, bonus, incentive, deferred compensation, employee loan or any other employee benefit plans, agreements, programs, policies or other arrangements, whether or not subject to ERISA. None the Company, ETC III or ETC II has or could reasonably be expected to have any present liability, nor do any circumstances exist that could reasonably be expected to result in the Company, ETC III or ETC II having any future material liabilities with respect to any current or former employees of ETP or any of its Affiliates.

3.18 **Brokers’ Fee.** Except for the fee payable to RBS Securities, Inc. which shall be paid by ETP, no broker, investment banker, financial advisor or other Person is entitled to any broker’s, finder’s, financial advisor’s or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of ETP.

3.19 **Regulatory Status.** Except as set forth on Schedule 3.19 of the ETP Disclosure Schedule, there are no currently effective tariffs authorized and approved by the FERC as of the date of this Agreement applicable to the Company, or currently pending material rate filings, certificate applications, or other filings that relate to the Company made with FERC prior to the date of this Agreement. The Company (i) has all necessary approvals from FERC to provide service to customers pursuant to the Natural Gas Act and the Natural Gas Policy Act of 1978, as amended, and (ii) has made all required FERC filings necessary to offer such service, except where failure to have any such approval or to have made any such filing would not reasonably be expected to have a Company Material Adverse Effect.

3.20 **Intellectual Property.** The Company owns or has the right to use pursuant to license, sublicense, agreement or otherwise all material items of Intellectual Property required in the operation of the business as presently conducted; (b) no third party has asserted in writing delivered to the Company an unresolved claim that the Company is infringing on the Intellectual Property of such third party and (c) to the Knowledge of ETP, no third party is infringing on the Intellectual Property owned by the Company.

3.21 **Insurance.** Schedule 3.21 to the ETP Disclosure Schedule contains, as of the Execution Date, a complete and correct list of all liability, property, fire, casualty, product liability, workers’ compensation and other insurance policies, if any, that are in full force and effect as of the Execution Date that insure or relate to the assets of the Company (the “**Company Policies**”). To the Knowledge of ETP, as of the Execution Date there is no claim, suit or other matter currently pending in respect of which the Company has received any notice from the insurer under any Company Policies disclaiming coverage, reserving rights with respect to a particular claim or such Company Policy in general or canceling or materially amending any such Company Policy. To the Knowledge of ETE, all premiums due and payable for such Company Policies have been duly paid, and such Company Policies or extensions or renewals

thereof in the amounts described will be outstanding and duly in full force without interruption until the Closing Date.

3.22 **Budget.** Attached as Schedule 3.22 of the ETP Disclosure Schedule is the draft budget of the Company for fiscal year 2010 as of the Execution Date.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF ETE

ETE hereby represents and warrants to ETP as follows:

4.1 **Organization; Qualification.** ETE is an entity duly formed, validly existing and in good standing under the laws of the State of Delaware and has all requisite organizational power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, and is duly qualified, registered or licensed to do business as a foreign entity and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so duly qualified, registered or licensed and in good standing would not reasonably be expected to have an ETE Material Adverse Effect or to prevent or materially delay the consummation of the transactions contemplated by the Transaction Documents to which it is, or will be, a party or to materially impair the ability of ETE to perform its obligations under the Transaction Documents to which it is, or will be, a party. ETE has made available to ETP true and complete copies of the Organizational Documents of ETE, as in effect on the Execution Date.

4.2 **Authority; Enforceability; Valid Issuance.**

(a) ETE has the requisite partnership power and authority to execute and deliver the Transaction Documents to which it is, or will be, a party, and to consummate the transactions contemplated thereby. The execution and delivery by ETE of the Transaction Documents to which it is, or will be, a party, and the consummation by it of the transactions contemplated thereby, have been duly and validly authorized by ETE, and no other limited partnership proceedings on the part of ETE are necessary to authorize the Transaction Documents to which it is, or will be, a party or to consummate the transactions contemplated by the Transaction Documents to which it is, or will be, a party.

(b) The Transaction Documents to which ETE is, or will be, a party have been (or will be, when executed and delivered at the Closing) duly executed and delivered by ETE, and, assuming the due authorization, execution and delivery by the other parties thereto, each Transaction Document to which ETE is, or will be, a party constitutes (or will constitute, when executed and delivered at the Closing) the valid and binding agreement of ETE, enforceable against ETE in accordance with its terms, except as such enforceability may be limited by Creditors' Rights.

(c) The redemption of the Redeemed Units pursuant to this Agreement has been duly authorized by ETE and there are no liens, claims, encumbrances, preemptive rights, rights of first refusal, options, calls or other similar rights of any Person with respect to the Redeemed Units, other than those set forth in the ETP Partnership Agreement.

4.3 Non-Contravention. Except as set forth on Schedule 4.3 of the ETE Disclosure Schedule, the execution, delivery and performance of the Transaction Documents to which ETE is, or will be, a party and the consummation by ETE of the transactions contemplated thereby does not and will not: (a) result in any breach of any provision of the Organizational Documents of ETE; (b) constitute a default (or an event that with notice or passage of time or both would give rise to a default) under, or give rise to any right of termination, cancellation, amendment or acceleration (with or without the giving of notice, or the passage of time or both) under any of the terms, conditions or provisions of any Contract to which ETE is a party or by which any property or asset of ETE is bound or affected; (c) assuming compliance with the matters referred to in Section 4.4, violate any Law to which ETE is subject or by which any of ETE's properties or assets is bound; or (d) constitute (with or without the giving of notice or the passage of time or both) an event which would result in the creation of any Lien (other than Permitted Liens) on any asset of ETE, except, in the cases of clauses (b), (c) and (d), for such defaults or rights of termination, cancellation, amendment, acceleration, violations or Liens as would not reasonably be expected to have an ETE Material Adverse Effect or to prevent or materially delay the consummation of the transactions contemplated by the Transaction Documents to which ETE is, or will be, a party or to materially impair ETE's ability to perform its obligations under the Transaction Documents to which it is, or will be, a party.

4.4 Governmental Approvals. Except as set forth on Schedule 4.4 of the ETE Disclosure Schedule no declaration, filing or registration with, or notice to, or authorization, consent or approval of, any Governmental Authority is necessary for the consummation by ETE of the transactions contemplated by the Transaction Documents to which it, or will be, a party, other than (a) filings under the HSR Act and (b) such other declarations, filings, registrations, notices, authorizations, consents or approvals that have been obtained or made or that would in the ordinary course of business be made or obtained after the Closing, or which, if not obtained or made, would not reasonably be expected to have an ETE Material Adverse Effect or to prevent or materially delay the consummation of the transactions contemplated by the Transaction Documents to which ETE is, or will be, a party or to materially impair ETE's ability to perform its obligations under the Transaction Documents to which it is, or will be, a party.

4.5 Matters Relating to Acquisition of the Acquired Interests. (a) ETE has undertaken such investigation as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement and the acquisition of the Acquired Interests. ETE has had an opportunity to ask questions and receive answers from ETP regarding the terms and conditions of the offering of the Acquired Interests and the business, properties, prospects, and financial condition of the Company (to the extent ETP possessed such information). The foregoing, however, does not modify the representations and warranties of ETP in Article III and such representations and warranties constitute the sole and exclusive representations and warranties of ETP to ETE in connection with the transactions contemplated by this Agreement.

(b) ETE is an Eligible Person (as such term is defined in the Company LLC Agreement).

4.6 Brokers' Fee. Except for the fee payable to Credit Suisse Securities (USA) LLC which shall be paid by ETE, no broker, investment banker, financial advisor or other Person is

entitled to any broker's finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of ETE.

ARTICLE V COVENANTS OF THE PARTIES

5.1 *Conduct of the Company's Business.* From the Execution Date through the Closing, except as described in Schedule 5.1 to the ETP Disclosure Schedule or consented to or approved in writing by ETE, which consent or approval shall not be unreasonably withheld, conditioned or delayed (provided that no such consent or approval shall be considered to be unreasonably withheld, conditioned or delayed as a result of ETE's compliance with any covenant in the Regency Contribution Agreement), ETP shall not take, and shall cause ETC III and ETC II not to take, any action to amend the Company LLC Agreement (except as may be required by Section 3.8 of the Company LLC Agreement) or to approve, or cause ETC III and ETC II to approve, the taking by the Company of the following actions:

- (a) any matters that require Special Consent (as such term is defined in the Company LLC Agreement) pursuant to Section 6.3(b) of the Company LLC Agreement, other than the incurrence of indebtedness pursuant to the Company Credit Facility in accordance with its terms existing on the Execution Date;
- (b) purchase any securities or ownership interests of, or make any investment in, any Person, other than ordinary course overnight investments consistent with the cash management policies of the Company;
- (c) make any capital expenditure in excess of \$500,000 in the aggregate, except (i) [in accordance with the Development Plan (as such term is defined in the Company LLC Agreement)], (ii) in accordance with a Budget (as defined in the Company LLC Agreement) approved in accordance with the Company LLC Agreement prior to the Execution Date and disclosed to ETE or (iii) as required on an emergency basis or for the safety of individuals or the environment;
- (d) make any material change to the Company's tax methods, principles or elections; or
- (e) agree or commit to take any of the actions described above.

Notwithstanding anything in this Agreement to the contrary, nothing in this Section 5.1 shall prohibit ETP from taking any action, or approving the taking by ETC III and ETC II or the Company of any action, if, prior to taking such action, or approving the taking of such action, ETP determines in good faith, after consultation with outside legal counsel, that failure to take such action, or to approve the taking of such action, would be reasonably likely to be inconsistent the implied contractual covenant of good faith and fair dealing imposed on ETC III and ETC II, as applicable, in its capacity as a member of the Company and a party to the Company LLC Agreement under the Delaware LLC Act.

5.2 *Notice of Certain Events.* Each Party shall promptly notify the other Parties of:

(a) any event, condition or development that has resulted in the inaccuracy or breach of any representation or warranty, covenant or agreement contained in this Agreement made by or to be complied with by such notifying Party at any time during the term hereof and that would reasonably be expected to result in any of the conditions set forth in Article VI not to be satisfied; *provided, however*, that no such notification shall be deemed to cure any such breach of or inaccuracy in such notifying Party's representations and warranties or covenants and agreements or in the ETP Disclosure Schedule or the ETE Disclosure Schedule for any purpose under this Agreement and no such notification shall limit or otherwise affect the remedies available to the other Parties;

(b) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by the Transaction Documents;

(c) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by the Transaction Documents; and

(d) any Proceedings commenced that would be reasonably expected to prevent or materially delay the consummation of the transactions contemplated by the Transaction Documents or materially impair the notifying Party's ability to perform its obligations under the Transaction Documents.

5.3 Access to Information. From the Execution Date until the Closing Date, upon the request from ETE, ETP will, and will cause ETC III, ETC II and the Company to: (a) give ETE and its counsel, financial advisors, auditors and other authorized representatives (collectively, "**Representatives**") reasonable access to the offices, properties, books and records of the Company and to the books and records of ETP, ETC III and ETC II relating to the Company and permit ETE to make copies thereof, in each case (i) during normal business hours and (ii) solely to the extent that ETP either (1) has access to such offices, properties, books and records and has the right, pursuant to the Company LLC Agreement, to provide access to such offices, properties, books and records to such Persons or (2) has the right, pursuant to the Company LLC Agreement, to require the Company to provide such access to such Persons; and (b) furnish to ETE and its Representatives such financial operating data and other information relating to ETC III, ETC II and the Company as such Persons may reasonably request, solely to the extent that ETP either (i) possesses such financial and operating data and other information and has the right, pursuant to the Company LLC Agreement, to furnish such financial and operating data and other information to such Persons or (ii) has the right, pursuant to the Company LLC Agreement, to require the Company to furnish such financial and operating data and other information to such Persons. Any investigation pursuant to this Section 5.3 shall be conducted in such manner as not to interfere with the conduct of the business of ETP, ETC III, ETC II, or the Company. Notwithstanding the foregoing, ETE shall not be entitled to perform any intrusive or subsurface investigation or other sampling of, on or under any of the properties of the Company without the prior written consent of ETP. Notwithstanding the foregoing provisions of this Section 5.3, ETP shall not be required to, or to cause ETC III, ETC II, or the Company to, grant access or furnish information to ETE or any of its Representatives to the extent that such information is subject to an attorney/client or attorney work product privilege or that such access or the furnishing of such information is prohibited by Law or an existing Contract. To the extent practicable, ETP shall

make reasonable and appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply. To the fullest extent permitted by Law, ETP and its Representatives and Affiliates shall (1) not be responsible or liable to ETE for personal injuries sustained by ETE's Representatives in connection with the access provided pursuant to this Section 5.3 and (2) shall be indemnified and held harmless by ETE for any losses suffered by any such Persons in connection with any such personal injuries; provided such personal injuries are not caused by the gross negligence or willful misconduct of ETP. The Regency Parties and their respective counsel, financial advisors, auditors and other authorized representatives shall be deemed to be Representatives of ETP for all purposes of this Section 5.3.

5.4 Governmental Approvals. (a) The Parties will cooperate with each other and use reasonable best efforts to obtain from any Governmental Authorities any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained and to make any filings with or notifications or submissions to any Governmental Authority that are necessary in order to consummate the transactions contemplated by the Transaction Documents and the Regency GP Purchase Agreement and shall diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such matters.

(b) Without limiting Section 5.4(a), as soon as practicable following the Execution Date, but in no event later than ten Business Days following the Execution Date, the Parties shall make such filings as may be required by the HSR Act with respect to the transactions contemplated by the Transaction Documents, which filings shall include a request for early termination of any applicable waiting period. Thereafter, the Parties shall file as promptly as practicable all reports or other documents required or requested by the U.S. Federal Trade Commission or the U.S. Department of Justice pursuant to the HSR Act or otherwise including requests for additional information concerning such transactions, so that the waiting period specified in the HSR Act will expire or be terminated as soon as reasonably possible after the Execution Date. Each Party shall cause their respective counsel to furnish each other Party such necessary information and reasonable assistance as such other Party may reasonably request in connection with the Parties' preparation of necessary filings or submissions under the provisions of the HSR Act. Each Party shall cause their counsel to supply to each other Party copies of the date stamped receipt copy of the cover letters delivering the filings or submissions required under the HSR Act to any Governmental Authority. Regency shall pay the statutory filing fee associated with filings under the HSR Act.

(c) The Parties agree to cooperate with each other and use reasonable best efforts to contest and resist, any Proceeding, and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order (whether temporary, preliminary or permanent) of any Governmental Authority that is in effect and that restricts, prevents or prohibits the consummation of the transactions contemplated by the Transaction Documents.

5.5 Legends. If the Acquired Interest is certificated, ETE agrees to the imprinting, so long as the restrictions described in the legend are applicable, of the following legend on any certificates evidencing all or any portion of the Acquired Interest:

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE

IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) AND ARE SUBJECT TO THE TERMS OF THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF ETC MIDCONTINENT EXPRESS PIPELINE III, L.L.C. (THE “**LLC AGREEMENT**”). ACCORDINGLY, THEY MAY NOT BE OFFERED OR SOLD EXCEPT (A) IN ACCORDANCE WITH THE TERMS OF THE LLC AGREEMENT AND (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH OTHER APPLICABLE FEDERAL AND STATE SECURITIES LAWS.

5.6 **Expenses.** All costs and expenses incurred by ETP in connection with the Transaction Documents and the transactions contemplated thereby shall be paid by ETP and all costs and expenses incurred by ETE in connection with the Transaction Documents and the transactions contemplated thereby shall be paid by ETE; *provided, however*, that if any action at law or equity is necessary to enforce or interpret the terms of the Transaction Documents, the prevailing Party shall be entitled to reasonable attorneys’ fees and expenses in addition to any other relief to which such Party may be entitled.

5.7 **Further Assurances.** Subject to the terms and conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate the transactions contemplated by the Transaction Documents and the Regency GP Purchase Agreement. Without limiting the generality of the foregoing, each Party will use its reasonable best efforts to obtain timely all authorizations, consents and approvals of all third parties necessary in connection with the consummation of the transactions contemplated by this Agreement prior to the Closing. The Parties will coordinate and cooperate with each other in exchanging such information and assistance as any of the Parties hereto may reasonably request in connection with the foregoing.

5.8 **Public Statements.** The Parties shall consult with each other prior to issuing any public announcement, statement or other disclosure with respect to the Transaction Documents or the transactions contemplated thereby and none of ETP and its Affiliates, on the one hand, nor the ETE and its Affiliates, on the other hand, shall issue any such public announcement, statement or other disclosure without having first notified ETE, on the one hand, or ETP, on the other hand; *provided, however*, that any of ETP and its Affiliates, on the one hand, and ETE and its Affiliates, on the other hand, may make any public disclosure without first so consulting with or notifying the other Party or Parties if such disclosing party believes that it is required to do so by Law or by any stock exchange listing requirement or trading agreement concerning the publicly traded securities of ETP or any of its Affiliates, on the one hand, or ETE or any of its Affiliates, on the other hand.

5.9 **Tax Matters.** (a) Filing Tax Returns.

(i) ETP will file or cause to be filed all Tax Returns of the Company, ETC III and ETC II that are required to be filed (after taking into account extensions) on or prior

to the Closing Date and will prepare or cause to be prepared such Tax Returns in a manner consistent with past practice unless otherwise required by Law.

(ii) ETE shall file or cause to be filed all Tax Returns of the Company and ETC III that are required to be filed for all (A) taxable years ending on or prior to the Closing Date which are filed after the Closing Date, (B) taxable years beginning prior to the Closing Date and ending after the Closing Date, and (C) taxable years beginning after the Closing Date.

(b) Cooperation. Each of the Parties shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(c) Transfer Taxes. All transfer and other such Taxes and fees (including any penalties and interest) incurred in connection with the transfer of the Acquired Interests pursuant to this Agreement shall be paid equally by ETP (on the one hand) and ETE (on the other hand) when due.

(d) Closing of Taxable Year. ETP shall use its commercially reasonable efforts to cause there to be an interim closing of the books under Section 706 of the Code for the Company effective as of the Closing Date, for purposes of dividing and allocating the Company's income and loss for the taxable year in which the Closing occurs. Such income and loss shall be divided and allocated pursuant to a reasonable accounting for such income and loss that is acceptable to the Parties.

ARTICLE VI CONDITIONS TO CLOSING

6.1 ***Conditions to Obligations of Each Party***. The respective obligation of each Party to consummate the Closing is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any one or more of which may be waived in writing, in whole or in part, as to a Party by such Party (in such Party's sole discretion):

(a) Approvals. All authorizations, consents, orders or approvals of, or declarations or filings with, or expiration of waiting periods imposed under the HSR Act, if any, or set forth on Schedule 6.1(a) shall have been obtained or made.

(b) Governmental Restraints. No order, decree or injunction of any Governmental Authority shall be in effect, and no Law shall have been enacted or adopted that enjoins, prohibits or makes illegal the consummation of the transactions contemplated by the Transaction Documents and no Proceeding by any Governmental Authority with respect to the transactions contemplated by the Transaction Documents shall be pending that seeks to restrain, enjoin, prohibit or delay the transactions contemplated by the Transaction Documents.

(c) Required Consents. The consents, approvals and waivers set forth on Schedule 6.1(c) shall have been obtained.

(d) Regency GP Purchase. The Regency GP Purchase shall have been consummated pursuant to the terms of the Regency GP Purchase Agreement.

(e) Master Services Agreement. The Master services shall have been executed and delivered by the parties thereto and ETP shall have received a fully executed counterpart thereof.

6.2 **Conditions to Obligations of ETE**. The obligation of ETE to consummate the Closing is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any one or more of which may be waived in writing, in whole or in part, by ETE (in ETE's sole discretion):

(a) ETE Loan Documents Waiver. ETE shall have received waivers and/or amendments of the ETE Loan Documents related to the transactions contemplated hereby reasonably acceptable to ETE.

(b) Closing Deliverables. ETP shall have delivered or caused to be delivered all of the closing deliveries set forth in Section 2.4(b) and in the other Transaction Documents.

6.3 **Conditions to Obligations of ETP**. The obligation of ETP to consummate the Closing is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any one or more of which may be waived in writing, in whole or in part, by ETP (in ETP's sole discretion):

(a) ETE Loan Documents Waiver. ETE shall have received waivers and/or amendments of the ETE Loan Documents related to the transactions contemplated hereby reasonably acceptable to ETE.

(b) Closing Deliverables. ETE shall have delivered or caused to be delivered all of the closing deliveries set forth in Section 2.4(a) and in the other Transaction Documents.

ARTICLE VII TERMINATION RIGHTS

7.1 **Termination Rights**. This Agreement may be terminated at any time prior to the Closing as follows:

(a) By mutual written consent of the Parties;

(b) By either ETP or ETE if any Governmental Authority of competent jurisdiction shall have issued a final and non-appealable order, decree or judgment prohibiting the consummation of the transactions contemplated by this Agreement;

(c) By either ETP or ETE in the event that the Closing has not occurred on or prior to June 9, 2010 (the "**Termination Date**"); *provided, however*, that

(i) ETP may not terminate this Agreement pursuant to this Section 7.1(c) if such failure of the Closing to occur is due to the

failure of ETP to perform and comply in all material respects with the covenants and agreements to be performed or complied with by ETP and (ii) ETE may not terminate this Agreement pursuant to this Section 7.1(c) if such failure of the Closing to occur is due to the failure of ETE to perform and comply in all material respects with the covenants and agreements to be performed or complied with by ETE;

(d) By ETE if there shall have been a breach or inaccuracy of ETP's representations and warranties in this Agreement or a failure by ETP to perform its covenants and agreements in this Agreement, in any such case in a manner that would result in, if occurring and continuing on the Closing Date, the failure of the conditions to the Closing set forth in Section 6.2(a) or Section 6.2(b), unless such failure is reasonably capable of being cured, and ETP is using all reasonable best efforts to cure such failure by the Termination Date; *provided, however*, that ETE may not terminate this Agreement pursuant to this Section 7.1(d) if (i) any of ETE's representations and warranties shall have become and continue to be untrue in a manner that would cause the condition set forth in Section 6.3(a) not to be satisfied or (ii) there has been, and continues to be, a failure by ETE to perform its covenants and agreements in such a manner as would cause the condition set forth in Section 6.3(b) not to be satisfied;

(e) By ETP if there shall have been a breach or inaccuracy of ETE's representations and warranties in this Agreement or a failure by ETE to perform its covenants and agreements in this Agreement, in any such case in a manner that would result in, if occurring and continuing on the Closing Date, the failure of the conditions to the Closing set forth in Section 6.3(a) or Section 6.3(b), unless such failure is reasonably capable of being cured, and ETE is using all reasonable best efforts to cure such failure by the Termination Date; *provided, however*, that ETP may not terminate this Agreement pursuant to this Section 7.1(e) if (i) any of ETP's representations and warranties shall have become and continue to be untrue in a manner that would cause the condition set forth in Section 6.2(a) not to be satisfied or (ii) there has been, and continues to be, a failure by ETP to perform its covenants and agreements in such a manner as would cause the condition set forth in Section 6.2(b) not to be satisfied;

(f) By either ETP or ETE if the Regency Contribution Agreement has been terminated pursuant to its terms; or

(g) By ETE, if the Regency GP Purchase Agreement has been terminated pursuant to its terms.

7.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 7.1, all rights and obligations of the Parties under this Agreement shall terminate, except for the provisions of this Section 7.2, Article IX and Sections 5.6, 5.8, 10.1, 10.3, 10.7 and 10.8; *provided, however*, that no termination of this Agreement shall relieve any Party from any liability for any willful and intentional breach of this Agreement by such Party or for Fraud by such Party and all rights and remedies of a non-breaching Party under this Agreement in the case of any such willful and intentional breach or Fraud, at law and in equity, shall be preserved, including the right to recover reasonable attorneys' fees and expenses. Except to the extent otherwise provided in the immediately preceding sentence, the Parties agree that, if this Agreement is terminated, the Parties shall have no liability to each other under or relating to this Agreement.

**ARTICLE VIII
INDEMNIFICATION**

8.1 **Indemnification by ETP.** Subject to the terms of this Article VIII, from and after the Closing, ETP shall indemnify and hold harmless ETE and its respective partners, members, managers, directors, officers, employees, consultants and permitted assigns (collectively, the “**ETE Indemnitees**”), to the fullest extent permitted by Law, from and against any losses, claims, damages, liabilities and costs and expenses (including reasonable attorneys’ fees and expenses) (collectively, “**Losses**”) incurred, arising out of or relating to:

(a) the failure of any representation or warranty of ETP contained in Article III to be true and correct as of the date of this Agreement or as of the Closing (as if made on and as of the Closing); provided that the truth and correctness of representations and warranties that by their terms expressly speak of a specified date will be determined as of such date; and

(b) any breach of any of the covenants or agreements of ETP contained in this Agreement.

(c) any Taxes of the Company attributable to a Tax period or portion thereof that ends on or before the Closing Date (excluding Taxes that ETP is obligated to pay as set forth in Section 5.9(c)); and

(d) the Excluded Items.

Notwithstanding the foregoing provisions of this Section 8.1, for purposes of Section 8.1(a), the determination of whether there has been a breach of any representation or warranty of ETP related to ETC II contained in Section 3.16 shall be made as of the date of this Agreement and as of the Option Closing Date (and not as of the Closing).

8.2 **Indemnification by ETE.** Subject to the terms of this Article VIII, from and after the Closing, ETE shall indemnify and hold harmless ETP and its directors, officers, employees, consultants and permitted assigns (collectively, the “**ETP Indemnitees**” and, together with the ETE Indemnitees, the “**Indemnitees**”), to the fullest extent permitted by Law, from and against Losses incurred, arising out of or relating to:

(a) the failure of any representation or warranty of ETE contained in Article IV to be true and correct as of the date of this Agreement or as of the Closing (as if made on and as of the Closing); provided that the truth and correctness of representations and warranties that by their terms expressly speak of a specified date will be determined as of such date;

(b) any breach of any of the covenants or agreements of ETE contained in this Agreement; and

(c) any Taxes of ETE attributable to a Tax period or portion thereof that ends on or before the Closing Date (excluding Taxes that ETE is obligated to pay as set forth in Section 5.9(c)).

8.3 Limitations and Other Indemnity Claim Matters. Notwithstanding anything to the contrary in this Article VIII or elsewhere in this Agreement, the following terms shall apply to any claim for monetary damages arising out of this Agreement or related to the transactions contemplated hereby:

(a) **De Minimis.** No indemnifying party (an “**Indemnifying Party**”) will have any liability under this Article VIII in respect of any individual claim involving Losses arising under Section 8.1(a) or Section 8.2(a) to any single ETE Indemnitee or ETP Indemnitee, as applicable, of less than \$125,000 (each, a “**De Minimis Claim**”). Notwithstanding the forgoing, this Section

8.3(a) shall not apply to Losses arising from any breach or inaccuracy of the representations or warranties set forth in Section 3.18, Section 4.5 or Section 4.6.

(b) **Deductible.**

(i) ETP will not have any liability under Section 8.1(a) unless and until the ETE Indemnitees have suffered Losses in excess of \$6,000,000 in the aggregate (the “**Deductible**”) arising from Claims under Section 8.1(a) that are not De Minimis Claims, and then recoverable Losses claimed under Section 8.1(a) shall be limited to those that exceed the Deductible.

(ii) ETE will not have any liability under Section 8.2(a) until the ETP Indemnitees have suffered Losses in excess of the Deductible that are not De Minimis Claims, and then recoverable Losses claimed under Section 8.2(a) shall be limited to those that exceed the Deductible.

(c) **Cap.**

(i) ETP’s aggregate liability under this Agreement and from the transactions contemplated hereby shall not exceed \$90,000,000 (the “**Cap**”); provided that the limitation set forth in this Section 8.3(c)(i) shall not apply to Losses arising out of or relating to: (i) any breach or inaccuracy of the representations and warranties set forth in Sections 3.1, 3.2, 3.3, 3.5, 3.6, 3.16 or 3.18, (ii) any breach of any covenants or agreements of ETP set forth in this Agreement or (iii) the matters described in Section 8.1(c) and Section 8.1(d); *provided further* that, notwithstanding anything in this Section 8.1(c) to the contrary, ETP’s aggregate liability under this Agreement and from the transactions contemplated hereby shall not exceed \$598,800,000 (the “**Aggregate Cap**”).

(ii) ETE’s aggregate liability under this Agreement and from the transactions contemplated hereby shall not exceed the Cap; provided that the limitation set forth in this Section 8.3(c)(ii) shall not apply to Losses arising out of or relating to: (i) any breach or inaccuracy of the representations and warranties set forth in Sections 4.1, 4.2, 4.3, 4.5 or 4.6, (ii) any breach of any covenants or agreements of ETE set forth in this Agreement that by their terms are to be performed after the Closing Date or (iii) the matters described in Section 8.2(c); *provided further* that, notwithstanding anything in this Section 8.1(c) to the contrary, the ETE’s aggregate liability under this Agreement and from the transactions contemplated hereby shall not exceed the Aggregate Cap.

(d) Survival; Claims Period.

(i) The representations, warranties, covenants and agreements of the Parties under this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the one-year anniversary of the Closing Date (the “**Expiration Date**”); provided that (i) the representations and warranties set forth in Sections 3.1 (Organization; Qualification), 3.2 (Authority; Enforceability), 3.3 (Non-Contravention), 3.4 (Governmental Approvals), 3.5 (Capitalization), 3.6 (Ownership of Acquired Interests), 3.18 (Brokers’ Fee), 4.1 (Organization; Qualification), 4.2 (Authority; Enforceability; Valid Issuance), 4.3 (Non-Contravention), 4.4 (Governmental Approvals), 4.5 (Matters Relating to the Acquisition of the Acquired Units) and 4.6 (Brokers’ Fee) shall survive indefinitely, (ii) the representations and warranties set forth in Sections 3.10(d) (Financial Statements) and 3.17 (Employee Benefits), to the extent such representations and warranties relate to ETC II or the ETC II MEP Interest shall continue in full force and effect until the one-year anniversary of the Option Closing Date (which shall be deemed to be the Expiration Date with respect to such representations and warranties), (iii) the representations and warranties set forth in Section 3.16 (Taxes) shall survive the execution and delivery of this Agreement and shall continue in full force and effect until ninety (90) days after the expiration of the applicable statute of limitations (which shall be deemed to be the Expiration Date with respect to such representations and warranties) and (iv) any covenants or agreements contained in this Agreement that by their terms are to be performed after the Closing Date shall survive until fully discharged.

(ii) No action for a breach of any representation or warranty contained herein (other than representations or warranties that survive indefinitely pursuant to Section 8.3(d)(i)) shall be brought after the Expiration Date, except for claims of which a Party has received a Claim Notice setting forth in reasonable detail the claimed misrepresentation or breach of warranty with reasonable detail, prior to the Expiration Date.

(e) Calculation of Losses. In calculating amounts payable to any ETP Indemnitee or ETE Indemnitee (each such person, an “**Indemnified Party**”) for a claim for indemnification hereunder, the amount of any indemnified Losses shall be determined without duplication of any other Loss for which an indemnification claim has been made or could be made under any other representation, warranty, covenant, or agreement and shall be computed net of (i) payments actually recovered by the Indemnified Party under any insurance policy with respect to such Losses and (ii) any prior or subsequent actual recovery by the Indemnified Party from any Person with respect to such Losses.

(f) Waiver of Certain Damages. Notwithstanding any other provision of this Agreement, in no event shall any Party be liable for punitive, special, indirect, consequential, remote, speculative or lost profits damages of any kind or nature, regardless of the form of action through which such damages are sought, except (i) for any such damages recovered by any third party against an Indemnified Party in respect of which such Indemnified Party would otherwise be entitled to indemnification pursuant to the terms hereof and (ii) in the case of consequential damages, (A) to the extent an Indemnified Party is required to pay consequential damages to an

unrelated third party and (B) to the extent of consequential damages to an Indemnified Party arising from fraud or willful conduct.

(g) **Sole and Exclusive Remedy.** Except for the assertion of any claim based on fraud or willful misconduct, the remedies provided in this Article VIII shall be the sole and exclusive legal remedies of the Parties, from and after the Closing, with respect to this Agreement and the transactions contemplated hereby.

8.4 Indemnification Procedures. (a) Each Indemnitee agrees that promptly after it becomes aware of facts giving rise to a claim by it for indemnification pursuant to this Article VIII, such Indemnitee must assert its claim for indemnification under this Article VIII (each, a “**Claim**”) by providing a written notice (a “**Claim Notice**”) to the Indemnifying Party allegedly required to provide indemnification protection under this Article VIII specifying, in reasonable detail, the nature and basis for such Claim (e.g., the underlying representation, warranty, covenant or agreement alleged to have been breached). Notwithstanding the foregoing, an Indemnitee’s failure to send or delay in sending a third party Claim Notice will not relieve the Indemnifying Party from liability hereunder with respect to such Claim except to the extent the Indemnifying Party is prejudiced by such failure or delay and except as is otherwise provided herein, including in Section 8.3(e).

(b) In the event of the assertion of any third party Claim for which, by the terms hereof, an Indemnifying Party is obligated to indemnify an Indemnitee, the Indemnifying Party will have the right, at such Indemnifying Party’s expense, to assume the defense of same including the appointment and selection of counsel on behalf of the Indemnitee so long as such counsel is reasonably acceptable to the Indemnitee. If the Indemnifying Party elects to assume the defense of any such third party Claim, it shall within 30 days of its receipt of the Claim Notice notify the Indemnitee in writing of its intent to do so. The Indemnifying Party will have the right to settle or compromise or take any corrective or remediation action with respect to any such Claim by all appropriate proceedings, which proceedings will be diligently prosecuted by the Indemnifying Party to a final conclusion or settled at the discretion of the Indemnifying Party. The Indemnitee will be entitled, at its own cost, to participate with the Indemnifying Party in the defense of any such Claim. If the Indemnifying Party assumes the defense of any such third-party Claim but fails to diligently prosecute such Claim, or if the Indemnifying Party does not assume the defense of any such Claim, the Indemnitee may assume control of such defense and in the event it is determined pursuant to the procedures set forth in Article IX that the Claim was a matter for which the Indemnifying Party is required to provide indemnification under the terms of this Article VIII, the Indemnifying Party will bear the reasonable costs and expenses of such defense (including reasonable attorneys’ fees and expenses). Notwithstanding the foregoing, the Indemnifying Party may not assume the defense of the third-party Claim (but will be entitled at its own cost to participate with the Indemnified Party in the defense of any such Claim) if the potential Losses under the third-party Claim could reasonably and in good faith be expected to exceed, in the aggregate when combined with all claims previously made by the Indemnified Party to the Indemnifying Party under this Article VIII, the maximum amount for which the Indemnifying Party may be liable pursuant to Section 8.3(c); *provided, however*, that to the extent the Parties are not in agreement with respect to the calculation of potential Losses the Indemnifying Party shall have the right to assume the defense of the third-party Claim in

accordance herewith until the Parties have agreed or a final non-appealable judgment has been entered into, with respect to the determination of the potential Losses.

(c) Notwithstanding anything to the contrary in this Agreement, the Indemnifying Party will not be permitted to settle, compromise, take any corrective or remedial action or enter into an agreed judgment or consent decree, in each case, that subjects the Indemnitee to any criminal liability, requires an admission of guilt, wrongdoing or fault on the part of the Indemnitee or imposes any continuing obligation on or requires any payment from the Indemnitee without the Indemnitee's prior written consent.

8.5 No Reliance.

(a) THE REPRESENTATIONS AND WARRANTIES OF ETP CONTAINED IN ARTICLE III CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF ETP TO ETE IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THE REPRESENTATIONS OF ETE CONTAINED IN ARTICLE IV CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF ETE TO ETP IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EXCEPT FOR SUCH REPRESENTATIONS AND WARRANTIES, NO PARTY OR ANY OTHER PERSON MAKES ANY OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO SUCH PARTY OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND EACH PARTY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, WHETHER MADE BY SUCH PARTY OR ANY OF ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES (INCLUDING WITH RESPECT TO THE DISTRIBUTION OF, OR ANY PERSON'S RELIANCE ON, ANY INFORMATION, DISCLOSURE OR OTHER DOCUMENT OR OTHER MATERIAL MADE AVAILABLE TO ANY PARTY IN ANY DATA ROOM, ELECTRONIC DATA ROOM, MANAGEMENT PRESENTATION OR IN ANY OTHER FORM IN EXPECTATION OF, OR IN CONNECTION WITH, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT). EXCEPT FOR SUCH REPRESENTATIONS AND WARRANTIES, EACH PARTY DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, PROJECTION, FORECAST, STATEMENT, OR INFORMATION MADE, COMMUNICATED OR FURNISHED (ORALLY OR IN WRITING) TO ANY OTHER PARTY OR ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES (INCLUDING OPINION, INFORMATION, PROJECTION, OR ADVICE THAT MAY HAVE BEEN OR MAY BE PROVIDED TO ANY PARTY OR ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT OR REPRESENTATIVE OF SUCH PARTY OR ANY OF ITS AFFILIATES).

Except as provided in Sections 7.2, 8.1 and 8.2, no Party nor any Affiliate of a Party shall assert or threaten, and each Party hereby waives and shall cause such Affiliates to waive, any claim or other method of recovery, in contract, in tort or under applicable Law, against any Person that is not a Party (or a successor to a Party) relating to the transactions contemplated by this Agreement.

ARTICLE IX
GOVERNING LAW AND CONSENT TO JURISDICTION

9.1 **Governing Law.** This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, without giving effect to the conflicts of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

9.2 **Consent to Jurisdiction.** The Parties irrevocably submit to the exclusive jurisdiction of (a) the Delaware Court of Chancery, and (b) any state appellate court therefrom within the State of Delaware (or, only if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware), for the purposes of any Proceeding arising out of this Agreement or the transactions contemplated hereby (and each agrees that no such Proceeding relating to this Agreement or the transactions contemplated hereby shall be brought by it except in such courts). The Parties irrevocably and unconditionally waive (and agree not to plead or claim) any objection to the laying of venue of any Proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Delaware Court of Chancery, or (ii) any state appellate court therefrom within the State of Delaware (or, only if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware) or that any such Proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties hereto also agrees that any final and non-appealable judgment against a Party hereto in connection with any Proceeding shall be conclusive and binding on such Party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

9.3 **Waiver Of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY ACTION OR PROCEEDING TO ENFORCE OR TO DEFEND ANY RIGHTS UNDER THIS AGREEMENT SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.**

ARTICLE X
GENERAL PROVISIONS

10.1 **Amendment and Modification.** This Agreement may be amended, modified or supplemented only by written agreement of the Parties hereto.

10.2 **Waiver of Compliance; Consents.** Except as otherwise provided in this Agreement, any failure of any of the Parties to comply with any obligation, covenant, agreement or condition in this Agreement may be waived by the Party or Parties entitled to the benefits thereof only by a written instrument signed by the Party or Parties granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

10.3 **Notices.** Any notice, demand or communication required or permitted under this Agreement shall be in writing and delivered personally, by reputable overnight delivery service or other courier or by certified mail, postage prepaid, return receipt requested, and shall be deemed to have been duly given (a) as of the date of delivery if delivered personally or by overnight delivery service or other courier or (b) on the date receipt is acknowledged if delivered by certified mail, addressed as follows; *provided* that a notice of a change of address shall be effective only upon receipt thereof:

If to ETP to:

Energy Transfer Equity, L.P.
3738 Oak Lawn
Dallas, TX 75219
Attention: General Counsel

If to ETE to:

Energy Transfer Equity, L.P.
3738 Oak Lawn
Dallas, TX 75219
Attention: General Counsel

10.4 **Assignment.** This Agreement shall be binding upon and inure to the benefit of the Parties and their successors and permitted assigns. No Party may assign or transfer this Agreement or any of its rights, interests or obligations under this Agreement without the prior written consent of the other Parties. Any attempted assignment or transfer in violation of this Agreement shall be null, void and ineffective.

10.5 **Third Party Beneficiaries.** This Agreement shall be binding upon and inure solely to the benefit of the Parties hereto and their respective successors and assigns. Except as provided in Sections 8.1 and 8.2, none of the provisions of this Agreement shall be for the benefit of or enforceable by any third party, including any creditor of any Party or any of their Affiliates. No such third party shall obtain any right under any provision of this Agreement or shall by reasons of any such provision make any claim in respect of any liability (or otherwise) against any other Party.

10.6 **Entire Agreement.** This Agreement and the other Transaction Documents constitute the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both oral and written, among the Parties or between any of them with respect to such subject matter.

10.7 **Severability.** Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable Law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any

provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

10.8 Representation by Counsel. Each of the Parties agrees that it has been represented by independent counsel of its choice during the negotiation and execution of this Agreement and the documents referred to herein, and that it has executed the same upon the advice of such independent counsel. Each Party and its counsel cooperated in the drafting and preparation of this Agreement and the documents referred to herein, and any and all drafts relating thereto shall be deemed the work product of the Parties and may not be construed against any Party by reason of its preparation. Therefore, the Parties waive the application of any Law providing that ambiguities in an agreement or other document will be construed against the Party drafting such agreement or document.

10.9 Disclosure Schedules. The inclusion of any information (including dollar amounts) in any section of the ETP Disclosure Schedule or the ETE Disclosure Schedule shall not be deemed to be an admission or acknowledgment by a Party that such information is required to be listed on such section of the ETP Disclosure Schedule or the ETE Disclosure Schedule or is material to or outside the ordinary course of the business of such Party or the Person to which such disclosure relates. The information contained in this Agreement, the Exhibits and the Schedules is disclosed solely for purposes of this Agreement, and no information contained in this Agreement, the Exhibits or the Schedules shall be deemed to be an admission by any Party to any third Person of any matter whatsoever (including any violation of a legal requirement or breach of contract). The disclosure contained in one disclosure schedule contained in the ETE Disclosure Schedule or ETP Disclosure Schedule may be incorporated by reference into any other disclosure schedule contained therein, and shall be deemed to have been so incorporated into any other disclosure schedule so long as it is readily apparent that the disclosure is applicable to such other disclosure schedule.

10.10 Facsimiles; Counterparts. This Agreement may be executed by facsimile signatures by any Party and such signature shall be deemed binding for all purposes hereof, without delivery of an original signature being thereafter required. This Agreement may be executed in one or more counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document.

[Signature page follows]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed by its respective duly authorized officers as of the date first above written.

ENERGY TRANSFER PARTNERS, L.P.

**By: Energy Transfer Partners GP, L.P.,
its general partner**

**By: Energy Transfer Partners, L.L.C.,
its general partner**

By: /s/ Martin Salinas, Jr. _____
Name: Martin Salinas, Jr.
Title: Chief Financial Officer

ENERGY TRANSFER EQUITY, L.P.

**By: LE GP, LLC,
its general partner**

By: /s/ John W. McReynolds _____
Name: John W. McReynolds
Title: President and Chief Financial Officer

SIGNATURE PAGE TO
REDEMPTION AND EXCHANGE AGREEMENT

EXHIBIT A

“**Accounting Firm**” is defined in Section 2.5(c).

“**Acquired ETC II Interest**” is defined in the recitals to this Agreement.

“**Acquired ETC III Interest**” is defined in the recitals to this Agreement.

“**Acquired Interest**” is defined in the recitals to this Agreement.

“**Actual Preceding Quarter Distribution Amount**” is defined in Section 2.6(e).

“**Actual Pro Rata Closing Quarter Distribution Amount**” is defined in Section 2.6(f).

“**Administrative Agent**” is defined in the MEP Credit Agreement.

“**Affiliate**” means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

“**Agreement**” is defined in the preamble to this Agreement.

“**Assignment of Interests**” is defined in Section 2.4(a)(iv).

“**Available Cash**” is defined in the ETP Partnership Agreement.

“**Board**” has the meaning assigned to such term in the Company LLC Agreement.

“**Budget**” has the meaning assigned to such term in the Company LLC Agreement.

“**Business Day**” means any day that is not a Saturday, Sunday or other day on which commercial banks in the State of Texas are authorized or obligated to be closed by applicable Laws.

“**Cap**” is defined in Section 8.3(c).

“**Claim**” is defined in Section 8.4(a).

“**Claim Notice**” is defined in Section 8.4(a).

“**Closing**” is defined in Section 2.3.

“**Closing Date**” is defined in Section 2.3.

“**Closing Date Long-Term Debt**” is defined in Section 2.5(a)(iii).

“**Closing Date Net Working Capital**” is defined in Section 2.5(a)(i).

“**Closing Quarter**” is defined in Section 2.6(a).

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Company**” is defined in the recitals to this Agreement.

“**Company Credit Facility**” means the \$1,400,000,000 credit facility of the Company established pursuant to the MEP Credit Agreement.

“**Company Financial Statements**” are defined in Section 3.10(a).

“**Company LLC Agreement**” is defined in the recitals to this Agreement.

“**Company Material Adverse Effect**” means any Material Adverse Effect in respect of the Company.

“**Company Material Contracts**” is defined in Section 3.13(b).

“**Company Policies**” is defined in Section 3.21.

“**Consideration Adjustment Amount**” is defined in Section 2.5(a).

“**Contract**” means any written agreement, lease, license, note, evidence of indebtedness, mortgage, security agreement, understanding, instrument or other legally binding arrangement.

“**Control**” means, where used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of Voting Interests, by contract or otherwise, and the terms “Controlling” and “Controlled” have correlative meanings.

“**Creditworthy Affiliate**” has the meaning assigned to such term in the Company LLC Agreement.

“**Creditors’ Rights**” is defined in Section 3.2(b).

“**Deductible**” is defined in Section 8.3(b)(i).

“**Delaware LLC Act**” means the Delaware Limited Liability Company Act, as amended from time to time.

“**De Minimis Claim**” is defined in Section 8.3(a).

“**Disclosure Schedule**” means, i) with respect to ETP, the ETP Disclosure Schedule and (ii) with respect to ETE, the ETE Disclosure Schedule.

“**Environmental Laws**” means any and all Laws pertaining to the prevention of pollution, the protection of human health (including worker health and safety) and the environment (including ambient air, surface water, ground water, land, surface or subsurface strata and natural resources), and the investigation, removal and remediation of contamination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means, with respect to any entity, trade or business, any other entity, trade or business that is a member of a group described in Section 414(b),(c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes the first entity, trade or business, or that is a member of the same “controlled group” as the first entity, trade or business pursuant to section 4001(a)(14) of ERISA.

“Estimated Adjustment Statement” is defined in Section 2.5(b).

“Estimated Closing Date Balance Sheet” is defined in Section 2.5(b).

“Estimated Closing Date Long-Term Debt” is defined in Section 2.5(b).

“Estimated Consideration Adjustment Amount” is defined in Section 2.5(b).

“Estimated Net Working Capital” is defined in Section 2.5(b).

“Estimated Preceding Quarter Distribution Amount” is defined in Section 2.6(a).

“Estimated Pre-Closing Capex Amount” is defined in Section 2.5(b).

“Estimated Pro Rata Closing Quarter” is defined in Section 2.6(a).

“ETC II” is defined in the recitals to this Agreement.

“ETC II LLC Agreement” means the limited liability company agreement of ETC II, dated April 12, 2010.

“ETC II MEP Interest” is defined in the recitals to this Agreement.

“ETC II Option” is defined in the recitals to this Agreement.

“ETC III” is defined in the recitals to this Agreement.

“ETC III MEP Interest” is defined in the recitals to this Agreement.

“ETC III LLC Agreement” means the limited liability company agreement of ETC III, dated April 12, 2010.

“ETE” is defined in the preamble to this Agreement.

“ETE Acquirer” is defined in the recitals to this Agreement.

“ETE Adjustment Payment” is defined in Section 2.5(d).

“ETE Credit Agreement” means the Amended and Restated Credit Agreement dated as of July 13, 2006, by and among ETE, Wachovia, Bank National Association, as Administrative Agent and the lenders party thereto.

“**ETE Disclosure Schedule**” means the disclosure schedule to this Agreement prepared by ETE and delivered to ETP on the Execution Date, as may be supplemented in accordance with the terms of this Agreement.

“**ETE Indemnitees**” is defined in Section 8.1.

“**ETE Loan Documents**” means the “Loan Documents” as defined in the ETE Credit Agreement.

“**ETE Material Adverse Effect**” means any Material Adverse Effect in respect of ETE.

“**ETE Option Agreement**” is defined in Section 2.4(a)(v).

“**ETP**” is defined in the recitals to this Agreement.

“**ETP Adjustment Payment**” is defined in Section 2.5(d).

“**ETP Disclosure Schedule**” means the disclosure schedule to this Agreement prepared by ETP and delivered to ETE on the Execution Date, as may be supplemented in accordance with the terms of this Agreement.

“**ETP Guarantee Agreement**” has the meaning assigned to the term Guarantee Agreement in the Company LLC Agreement.

“**ETP Guaranty Agreement**” means that certain Guaranty Agreement, dated as of February 29, 2008, between ETP and The Royal Bank of Scotland plc, as the administrative agent, as amended by that certain First Amendment to Guaranty Agreement, dated as of November 6, 2009, between ETP and The Royal Bank of Scotland plc, as the administrative agent.

“**ETP Indemnitees**” is defined in Section 8.2.

“**ETP Partnership Agreement**” means the Second Amended and Restated Agreement of Limited Partnership of Energy Transfer Partners, L.P., as amended and in effect as of the date of this Agreement.

“**Excluded Items**” means matters described on Exhibit E attached hereto.

“**Execution Date**” is defined in the preamble to this Agreement.

“**Expiration Date**” is defined in Section 8.3(e)(i).

“**FERC**” means the Federal Energy Regulatory Commission of the United States of America.

“**Final Closing Date Balance Sheet**” is defined in Section 2.5(c).

“**Final Consideration Adjustment Amount**” is defined in Section 2.5(c).

“Final Pre-Closing Capex Amount” is defined in Section 2.5(c).

“Final Adjustment Statement” is defined in Section 2.5(c).

“Fraud” means actual fraud involving a knowing and intentional misrepresentation of a material fact.

“GAAP” means generally accepted accounting principles in the United States of America.

“GE” is defined in the recitals to this Agreement.

“Governmental Authority” means any executive, legislative, judicial, regulatory or administrative agency, body, commission, department, board, court, tribunal, arbitrating body or authority of the United States or any foreign country, or any state, local or other governmental subdivision thereof.

“GP/IDR Distribution Amount” is defined in Section 2.6(a).

“Hazardous Substances” means each substance, waste or material regulated, defined, designated or classified as a hazardous waste, hazardous substance, hazardous material, pollutant, contaminant or toxic substance under any Environmental Law; provided that the term Hazardous Substances shall be deemed not to include petroleum, petroleum products, natural gas or natural gas liquids that are in containers or vessels that are in good condition and compliant with applicable Environmental Laws.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“Indemnified Party” is defined in Section 8.3(f).

“Indemnifying Party” is defined in Section 8.3(a).

“Indemnitees” is defined in Section 8.2.

“Intellectual Property” means patents, trademarks, copyrights, and trade secrets.

“Interim Financial Statement” is defined in Section 3.10(a).

“Knowledge” means (a) with respect to ETP, the actual knowledge of Kelcy Warren, Martin Salinas, Mike Smith and Tom Mason and (b) with respect to ETE, the actual knowledge of John McReynolds and Sonia Aube.

“Law” means any law, statute, code, ordinance, order, rule, rule of common law, regulation, judgment, decree, injunction, franchise, permit, certificate, license or authorization of any Governmental Authority.

“Lien” means, with respect to any property or asset, (i) any mortgage, pledge, security interest, lien or other similar property interest or encumbrance in respect of such property or

asset, and (ii) any easements, rights-of-way, restrictions, restrictive covenants, rights, leases and other encumbrances on title to real or personal property (whether or not of record).

“**Long-Term Debt**” mean all long-term debt, determined in accordance with GAAP as applied consistent with the Company’s past practices (including its preparation of the Financial Statements).

“**Long-Term Debt Threshold**” is defined in Section 2.5(a)(iii).

“**Losses**” is defined in Section 8.1.

“**Master Services Agreement**” means the Master Services Agreement in substantially the form attached as Exhibit D hereto.

“**Material Adverse Effect**” means, with respect to any Person, any change, event or development that is materially adverse to the business, financial condition, or operations of such Person and its Subsidiaries, taken as a whole; *provided, however*, that, a Material Adverse Effect shall not be deemed to have occurred as a result of any of the following changes, events or developments (either alone or in combination): (a) any change in general economic, political or business conditions (including any effects on the economy arising as a result of acts of terrorism); (b) any change in oil or natural gas commodity prices; (c) any change affecting the natural gas transportation industry generally but which does not have a disproportionate impact on the business of such Person and its Subsidiaries; (d) any change in accounting requirements or principles imposed by GAAP or any change in Law after the Execution Date but which does not, in each case, have a disproportionate impact on the business of such Person and its Subsidiaries; or (e) any change resulting from the execution of this Agreement or the announcement of the transactions contemplated hereby.

“**MEP Credit Agreement**” means the Credit Agreement, dated as of February 29, 2008, by and among the Company, The Royal Bank of Scotland plc, as Administrative Agent, and the lenders party thereto.

“**MEP Expansion Project**” is defined as capital projects to increase Zone 1 capacity from 1,432,500 Dth/d to 1,832,500 Dth/d and Zone 2 from 1,000,000 Dth/d to 1,200,000 Dth/d.

“**Net Working Capital**” means (a) total current assets minus (b) total current liabilities, all as determined in accordance with GAAP as applied consistently with the Company’s past practices (including its preparation of the Company Financial Statements).

“**Net Working Capital Threshold**” is defined in Section 2.5(a)(i).

“**Objection Notice**” is defined in Section 2.5(c).

“**Option Closing Date**” is defined in the recitals to this Agreement.

“**Organizational Documents**” means, with respect to any Person, the articles of incorporation, certificate of incorporation, certificate of formation, certificate of limited partnership, bylaws, limited liability company agreement, operating agreement, partnership

agreement, stockholders' agreement and all other similar documents, instruments or certificates executed, adopted or filed in connection with the creation, formation or organization of such Person, including any amendments thereto (including, in the case of the Company, the Company LLC Agreement).

"Party" and **"Parties"** are defined in the preamble of this Agreement.

"Permits" means all permits, approvals, consents, licenses, franchises, exemptions and other authorizations, consents and approvals of or from Governmental Authorities.

"Permitted Liens" means, with respect to any Person, (a) statutory Liens for current Taxes applicable to the assets of such Person or assessments not yet delinquent or the amount or validity of which is being contested in good faith and for which adequate reserves have been established in accordance with GAAP; (b) mechanics', carriers', workers', repairmen's, landlords' and other similar liens arising or incurred in the ordinary course of business of such Person relating to obligations as to which there is no default on the part of such Person; (c) Liens as may have arisen in the ordinary course of business of such Person, none of which are material to the ownership, use or operation of the assets of such Person; (d) any state of facts that an accurate on the ground survey of any real property of such Person would show, and any easements, rights-of-way, restrictions, restrictive covenants, rights, leases, and other encumbrances on title to real or personal property filed of record, in each case, that do not materially detract from the value of or materially interfere with the use and operation of any of the assets of such Person; (e) statutory Liens for obligations that are not delinquent, (f) Liens encumbering the fee interest of those tracts of real property encumbered by Rights-of-Way, (g) legal highways, zoning and building laws, ordinances and regulations, that do not materially detract from the value of or materially interfere with the use of the assets of such Person in the ordinary course of business and (h) any Liens with respect to assets of such Person, which, together with all other Liens, do not materially detract from the value of such Person or materially interfere with the present use of the assets owned by such Person or the conduct of the business of such Person.

"Person" means any natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, estate, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, custodian, trustee-executor, administrator, nominee or entity in a representative capacity and any Governmental Authority.

"Pre-Closing Capex Amount" means the aggregate amount of capital expenditures, as defined in accordance with GAAP (whether funded through capital contributions, debt incurrence, cash on hand or otherwise), made by the Company from and after January 1, 2010 through the Closing.

"Preceding Quarter" is defined in [Section 2.6\(a\)](#).

"Proceeding" means any civil, criminal or administrative actions, suits, investigations or other proceedings.

“**Record Date**” means the close of business on the date specified by ETP as the record date for any quarterly distribution of cash in respect of the ETP Common Units.

“**Redeemed Units**” is defined in [Section 2.1](#).

“**Redemption**” is defined in the recitals to this Agreement.

“**Regency**” is defined in the recitals to this Agreement.

“**Regency Contribution Agreement**” is defined in the recitals to this Agreement.

“**Regency GP Purchase**” is defined in the recitals to this Agreement.

“**Regency GP Purchase Agreement**” is defined in the recitals to this Agreement.

“**Release**” means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

“**Representatives**” is defined in [Section 5.3](#).

“**Responsible Officer**” means, with respect to any Person, any vice-president or more senior officer of such Person.

“**Review Period**” is defined in [Section 2.5\(c\)](#).

“**RGPLLC**” is defined in the recitals to this Agreement.

“**RGPLP**” is defined in the recitals to this Agreement.

“**Rights-of-Way**” means easements, rights-of-way and similar real estate interests.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Subsidiary**” means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which a majority of the Voting Interests are at the time owned or Controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

“**Tax**” means any tax, charge, fee, levy, penalty or other assessment imposed by any United States federal, state, local or foreign taxing authority or any other taxing authority, including any excise, real and personal property (tangible or intangible), income, sales, transfer, margin, franchise, payroll, withholding, social security or other tax, including any interest, penalties or additions attributable thereto.

“**Tax Return**” means any return, report, information return, declaration, claim for refund or other document (including any related or supporting information or schedules) supplied or

required to be supplied to any taxing authority or any Person with respect to Taxes and including any supplement or amendment thereof.

“**Termination Date**” is defined in Section 7.1(c).

“**Transaction Documents**” means this Agreement, the Company Guarantee Agreement, the Assignment of Interest and the ETE Option Agreement.

“**Voting Interests**” of any Person as of any date means 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, managers, general partners or trustees 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.