

ENTERPRISE PRODUCTS PARTNERS L P

Form 424B3

October 18, 2010

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Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-169437

Dear Enterprise GP Holdings L.P. Unitholders:

On September 3, 2010, Enterprise Products Partners L.P. (the Partnership), Enterprise Products GP, LLC (the Partnership GP), which is the general partner of the Partnership, Enterprise ETE LLC (MergerCo), which is a wholly owned subsidiary of the Partnership, Enterprise GP Holdings L.P. (Holdings), and EPE Holdings, LLC (Holdings GP), which is the general partner of Holdings, entered into a merger agreement (the merger agreement). Pursuant to the merger agreement, Holdings will merge with and into MergerCo (the merger), a wholly owned subsidiary of the Partnership, and will cease to exist, the outstanding limited partner interests in Holdings (Holdings units) will be cancelled in exchange for common units representing limited partner interests in the Partnership (Partnership common units) and Holdings GP will become the general partner of the Partnership. The Partnership GP is owned by Holdings, and Holdings GP is owned by Dan Duncan LLC (DDLLC), an affiliate of Enterprise Products Company (EPCO), a private company formerly named EPCO, Inc. EPCO and DDLLC together beneficially own approximately 76% of the outstanding Holdings units. EPCO and DDLLC are each controlled by three voting trustees pursuant to separate voting trusts. In connection with the merger and in accordance with an amended and restated agreement of limited partnership of the Partnership to be effective upon the consummation of the merger (the Sixth Partnership Agreement), the incentive distribution rights of the Partnership (IDRs) currently held by the Partnership GP will be cancelled and the 2.0% economic general partner interest of the Partnership will be converted into a non-economic general partner interest. The merger agreement is attached as Annex A to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference. The form of the Sixth Partnership Agreement is attached as Annex B to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

In the merger, Holdings unitholders will receive 1.50 Partnership common units for each Holdings unit owned. Consequently, the Partnership expects to issue, in the aggregate, 208,813,477 Partnership common units in the merger. The 21,563,177 Partnership common units currently owned by Holdings will be cancelled by the Partnership immediately after the merger. A privately held affiliate of EPCO will agree to designate and waive its rights to quarterly distributions with respect to a specified number of Partnership common units over a five-year period after the merger closing date as set forth in a distribution waiver agreement, the form of which is attached as Annex C to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

The merger agreement and the merger must receive the affirmative vote of the Holdings unitholders holding at least a majority of the outstanding Holdings units. Affiliates of EPCO have agreed to vote approximately 105.7 million Holdings units, representing approximately 76% of the outstanding Holdings units, in favor of the merger agreement and the merger, subject to the terms and conditions of a support agreement, a copy of which is attached to this proxy statement/prospectus as Annex D and is incorporated into this proxy statement/prospectus by reference. Holdings has scheduled a special meeting of its unitholders to vote on the merger agreement and the merger on November 22, 2010 at 8:00 a.m., local time, at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002. Voting instructions are set forth inside this proxy statement/prospectus.

**The members of the Audit, Conflicts and Governance Committee of the board of directors of Holdings GP (the Holdings Board) who participated in the merger evaluation and negotiation process (the Holdings ACG Committee) have unanimously determined that the merger agreement and the merger are fair and reasonable, advisable to and in the best interests of Holdings and the Holdings unaffiliated unitholders.**

**Holdings unaffiliated unitholders means Holdings unitholders other than those, including EPCO and its affiliates, controlling, controlled by or under common control with Holdings GP. Accordingly, the Holdings**

**ACG Committee has recommended that the Holdings Board approve the merger agreement and the merger. Based on the Holdings ACG Committee's determination and recommendation, the Holdings Board has unanimously approved and declared the advisability of the merger agreement and the merger and, together with the Holdings ACG Committee, recommends that the Holdings unaffiliated unitholders vote in favor of the merger proposal.**

This proxy statement/prospectus provides you with detailed information about the proposed merger and related matters. Holdings encourages you to read the entire document carefully. **In particular, please read Risk Factors beginning on page 26 of this proxy statement/prospectus for a discussion of risks relevant to the merger and the Partnership's business following the merger.**

The Partnership's common units are listed on the New York Stock Exchange ( NYSE ) under the symbol EPD, and Holdings' units are listed on the NYSE under the symbol EPE. The last reported sale price of the Partnership's common units on the NYSE on October 13, 2010 was \$41.55. The last reported sale price of the Holdings units on the NYSE on October 13, 2010 was \$61.65.

Dr. Ralph S. Cunningham  
*President and Chief Executive Officer*  
*EPE Holdings, LLC*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or has determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.**

All information in this document concerning the Partnership has been furnished by the Partnership. All information in this document concerning Holdings has been furnished by Holdings. The Partnership has represented to Holdings, and Holdings has represented to the Partnership, that the information furnished by and concerning it is true and correct in all material respects.

This proxy statement/prospectus is dated October 18, 2010 and is being first mailed to Holdings unitholders on or about October 22, 2010.

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Houston, Texas  
October 18, 2010

**Notice of Special Meeting of Unitholders**

To the Unitholders of Enterprise GP Holdings L.P.:

A special meeting of unitholders of Enterprise GP Holdings L.P. ( Holdings ) will be held on November 22, 2010 at 8:00 a.m., local time, at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002, for the following purposes:

To consider and vote upon the approval of the Agreement and Plan of Merger dated as of September 3, 2010, by and among Enterprise Products Partners L.P., Enterprise Products GP, LLC, Enterprise ETE LLC, Holdings and EPE Holdings, LLC ( Holdings GP ), as it may be amended from time to time (the merger agreement ) and the merger contemplated by the merger agreement (the merger ); and

To transact other business as may properly be presented at the meeting or any adjournments or postponements of the meeting.

Pursuant to the Holdings partnership agreement, approval of the merger agreement and the merger requires the affirmative vote of the Holdings unitholders owning at least a majority of Holdings outstanding units. Affiliates (the Holdings supporting unitholders ) of Enterprise Products Company ( EPCO ), which collectively beneficially own approximately 76% of the outstanding Holdings units, have agreed to vote all of their Holdings units in favor of the merger agreement and the merger, subject to the terms and conditions of a support agreement described in the attached proxy statement/prospectus. The Holdings supporting unitholders have a sufficient number of Holdings units to approve the merger agreement and the merger without the affirmative vote of any other Holdings unitholder. As a result of the support agreement, the approval of the merger proposal at the special meeting is assured unless the conditions of the support agreement are not met and the support agreement is terminated. Failures to vote, abstentions and broker non-votes will have the same effect as a vote against the merger proposal for purposes of the majority vote required under the Holdings partnership agreement.

**The members of the Audit, Conflicts and Governance Committee of the board of directors of Holdings GP (the Holdings Board ) who participated in the merger evaluation and negotiation process (the Holdings ACG Committee ) have unanimously determined that the merger agreement and the merger are fair and reasonable, advisable to and in the best interests of Holdings and the Holdings unaffiliated unitholders.**

**Holdings unaffiliated unitholders means Holdings unitholders other than those, including EPCO and its affiliates, controlling, controlled by or under common control with Holdings GP. Accordingly, the Holdings ACG Committee has recommended that the Holdings Board approve the merger agreement and the merger. Based on the Holdings ACG Committee s determination and recommendation, the Holdings Board has unanimously approved and declared the advisability of the merger agreement and the merger and, together with the Holdings ACG Committee, recommends that the Holdings unaffiliated unitholders vote in favor of the merger proposal.**

Only unitholders of record at the opening of business on October 13, 2010 are entitled to notice of and to vote at the meeting and any adjournments or postponements of the meeting. A list of unitholders entitled to vote at the meeting will be available for inspection at Holdings offices in Houston, Texas for any purpose relevant to the meeting during normal business hours for a period of 10 days before the meeting and at the meeting.

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We urge you to carefully consider the information contained in the attached proxy statement/prospectus. You may vote by signing, dating and returning the enclosed proxy card.

By order of the Board of Directors of EPE Holdings, LLC, as the general partner of Enterprise GP Holdings L.P.

Stephanie C. Hildebrandt  
*Senior Vice President, General Counsel and Secretary*  
*EPE Holdings, LLC*

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**IMPORTANT NOTE ABOUT THIS PROXY STATEMENT/PROSPECTUS**

This proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission, which is referred to as the SEC or the Commission, constitutes a proxy statement of Holdings under Section 14(a) of the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, with respect to the solicitation of proxies for the special meeting of Holdings unitholders to, among other things, approve the merger agreement and the merger. This proxy statement/prospectus is also a prospectus of the Partnership under Section 5 of the Securities Act of 1933, as amended, which is referred to as the Securities Act, for Partnership common units that will be issued to Holdings unitholders in the merger pursuant to the merger agreement.

As permitted under the rules of the SEC, this proxy statement/prospectus incorporates by reference important business and financial information about the Partnership and Holdings from other documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 155. You can obtain any of the documents incorporated by reference into this document from the Partnership or Holdings, as the case may be, or from the SEC's website at <http://www.sec.gov>. This information is also available to you without charge upon your request in writing or by telephone from the Partnership or Holdings at the following addresses and telephone numbers:

Enterprise Products Partners L.P.  
1100 Louisiana Street, 10th Floor  
Attention: Investor Relations  
Houston, Texas 77002  
Telephone: (713) 381-6500

Enterprise GP Holdings L.P.  
1100 Louisiana Street, 10th Floor  
Attention: Investor Relations  
Houston, Texas 77002  
Telephone: (713) 381-6500

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into the documents or this proxy statement/prospectus.

You may obtain certain of these documents at the Partnership's website, [www.epplp.com](http://www.epplp.com), by selecting Investor Relations and then selecting SEC Filings, and at Holdings' website, [www.enterprisegp.com](http://www.enterprisegp.com), by selecting Investor Resources and then selecting SEC Filings. Information contained on Holdings' and the Partnership's websites is expressly not incorporated by reference into this proxy statement/prospectus.

**In order to receive timely delivery of the documents in advance of the Holdings special meeting of unitholders, your request should be received no later than November 12, 2010. If you request any documents, the Partnership or Holdings will mail them to you by first class mail, or another equally prompt means, within one business day after receipt of your request.**

The Partnership and Holdings have not authorized anyone to give any information or make any representation about the merger, the Partnership and/or Holdings that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that have been incorporated by reference into this proxy statement/prospectus. Therefore, if anyone distributes this type of information, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement/prospectus or the solicitation of proxies is unlawful, or you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement/prospectus does not extend to you. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy

statement/prospectus, or in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. All information in this document concerning the Partnership has been furnished by the Partnership. All information in this document concerning Holdings has been furnished by Holdings. The Partnership has represented to Holdings, and Holdings has represented to the Partnership, that the information furnished by and concerning it is true and correct in all material respects.

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**DEFINITIONS**

The following terms have the meanings set forth below for purposes of this proxy statement/prospectus, unless the context otherwise indicates:

**DDLLC** means Dan Duncan LLC, a private affiliate of EPCO. The membership interests of DDLLC are owned of record by a voting trust formed on April 26, 2006, pursuant to the Dan Duncan LLC Voting Trust Agreement dated April 26, 2006 (the **DDLLC Voting Trust Agreement**), among DDLLC and Dan L. Duncan (as the record owner of all of the membership interests of DDLLC immediately prior to the entering into of the DDLLC Voting Trust Agreement and as the initial sole voting trustee);

**DDLLC voting trustees** means the three voting trustees under the DDLLC Voting Trust Agreement. The DDLLC voting trustees collectively are the record owners of all of the DDLLC membership interests. The current DDLLC voting trustees are Randa Duncan Williams, Ralph S. Cunningham and Richard H. Bachmann;

**EPCO** means Enterprise Products Company, a private company formerly named EPCO, Inc. A majority of the outstanding voting capital stock of EPCO is owned of record by a voting trust formed on April 26, 2006, pursuant to the EPCO Inc. Voting Trust Agreement (the **EPCO Voting Trust Agreement**), among EPCO and Dan L. Duncan (as the record owner of a majority of the outstanding voting capital stock of EPCO immediately prior to the entering into of the EPCO Voting Trust Agreement and as the initial sole voting trustee);

**EPCO voting trustees** means the three voting trustees under the EPCO Voting Trust Agreement. The EPCO voting trustees collectively are the record owners of a majority of the outstanding voting capital stock of EPCO. The current EPCO voting trustees are Randa Duncan Williams, Ralph S. Cunningham and Richard H. Bachmann;

**Holdings** means Enterprise GP Holdings L.P.;

**Holdings GP** means EPE Holdings, LLC, the general partner of Holdings;

**Holdings supporting unitholders** means certain affiliates of EPCO that have entered into a support agreement to vote their Holdings units in favor of the merger and related transactions;

**Holdings unaffiliated unitholders** means the Holdings unitholders other than those controlling, controlled by or under common control with Holdings GP, including EPCO and its affiliates;

**Partnership** means Enterprise Products Partners L.P.;

**Partnership GP** means Enterprise Products GP, LLC, the general partner of the Partnership;

**Partnership's partnership agreement** means either the Partnership's existing partnership agreement or the Sixth Partnership Agreement, or both, as the context requires;

**Sixth Partnership Agreement** means the Sixth Amended and Restated Agreement of Limited Partnership of the Partnership to be entered into in connection with and at the time of the merger; and

Special Approval under the Holdings partnership agreement means the approval of a majority of the members of the Holdings ACG Committee.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

***Important Information and Risks.*** *The following are brief answers to some questions that you may have regarding the proposed merger and the proposals being considered at the special meeting of Holdings unitholders. You should read and consider carefully the remainder of this proxy statement/prospectus, including the Risk Factors beginning on page 26 and the attached Annexes, because the information in this section does not provide all of the information that might be important to you. Additional important information and descriptions of risk factors are also contained in the documents incorporated by reference in this proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 155.*

**Q: Why am I receiving these materials?**

A: The Partnership and Holdings have agreed to combine by merging Holdings with a wholly owned subsidiary of the Partnership. The merger cannot be completed without the approval of the holders of a majority of the outstanding units of Holdings. The Holdings supporting unitholders, which collectively directly own approximately 76% of the outstanding Holdings units, have agreed to vote all of their Holdings units in favor of the merger agreement and the merger, subject to the terms and conditions of the support agreement described in this proxy statement/prospectus. Accordingly, the approval of the merger agreement and the merger is assured without the vote of any other Holdings unitholder unless the conditions of the support agreement are not met and the support agreement is terminated. For additional information regarding the support agreement, please read The Merger Transactions Related to the Merger Support Agreement.

**Q: Who is soliciting my proxy?**

A: Holdings GP is sending you this proxy statement/prospectus in connection with its solicitation of proxies for use at Holdings special meeting of unitholders. Certain directors and officers of Holdings GP and certain employees of EPCO and its affiliates who provide services to Holdings, and BNY Mellon Shareowner Services (a proxy solicitor), may also solicit proxies on Holdings behalf by mail, telephone, fax or other electronic means, or in person.

**Q: What are the proposed transactions?**

A: The Partnership and Holdings have agreed to combine by merging Holdings with and into MergerCo, a Delaware limited liability company and wholly owned subsidiary of the Partnership, under the terms of a merger agreement that is described in this proxy statement/prospectus and attached as Annex A to this proxy statement/prospectus. Pursuant to the merger agreement, (i) immediately prior to the effective time of the merger, Holdings existing partnership agreement will be amended to provide for the transformation of the approximate 0.01% economic interest of the general partner in Holdings owned by Holdings GP into 13,921 Holdings units representing an approximate 0.01% limited partner interest in Holdings and a non-economic general partner interest in Holdings; (ii) immediately following this transformation, the Partnership GP (currently a wholly owned subsidiary of Holdings) will merge with and into Holdings, with Holdings surviving such merger (the GP merger), thus succeeding the Partnership GP as an interim general partner of the Partnership; and (iii) immediately following the effective time of the GP merger, at the effective time of the merger, Holdings will merge into MergerCo, with MergerCo surviving as a wholly owned subsidiary of the Partnership. As a result of the merger, Holdings GP will succeed Holdings as the non-economic general partner of the Partnership and each outstanding Holdings unit (other than Holdings units held by Holdings, the Partnership or their respective subsidiaries) will be converted into the right to receive 1.50 Partnership common units. The 21,563,177 Partnership common units currently



owned by Holdings will be cancelled by the Partnership immediately after the merger.

In addition, pursuant to the merger agreement and the Sixth Partnership Agreement, the form of which is attached as Annex B to this proxy statement/prospectus, to be executed at the closing of the merger, the current 2% economic general partner interest in the Partnership and the IDRs in the Partnership held by Holdings GP will be cancelled, and the non-economic general partner interest in Holdings held by Holdings GP will be cancelled and converted into the right to receive the non-economic general partner interest in the Partnership.

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The merger will become effective on the date and at the time that the certificate of merger is filed with the Secretary of State of the State of Delaware, or a later date and time if set forth in the certificate of merger. Throughout this proxy statement/prospectus, this is referred to as the effective time of the merger.

In connection with the merger, a privately held affiliate of EPCO will also agree to designate and waive its rights to quarterly distributions with respect to a specified number of Partnership common units over a five-year period after the merger closing date as set forth in a distribution waiver agreement, a copy of which is attached as Annex C to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference. For additional information on the distribution waiver agreement, please read *The Merger Transactions Related to the Merger Distribution Waiver Agreement*.

**Q: Why are the Partnership and Holdings proposing the merger?**

A: The Partnership and Holdings believe that the merger will benefit both the Partnership common unitholders and the Holdings unitholders by combining into a single partnership that is better positioned to compete in the marketplace.

Please read *The Merger Recommendation of the Holdings ACG Committee and the Holdings Board and Reasons for the Merger* and *The Merger The Partnership's Reasons for the Merger*.

**Q: What will happen to Holdings as a result of the merger?**

A: As a result of the merger, Holdings will merge with and into a wholly owned subsidiary of the Partnership, and Holdings will cease to exist.

**Q: What will Holdings unitholders receive in the merger?**

A: If the merger is completed, Holdings unitholders will be entitled to receive 1.50 Partnership common units in exchange for each Holdings unit that the unitholders own. This exchange ratio is fixed and will not be adjusted, regardless of any change in price of either the Partnership common units or the Holdings units prior to completion of the merger. If the exchange ratio would result in a Holdings unitholder being entitled to receive a fraction of a Partnership common unit, that unitholder will receive cash from the Partnership in lieu of such fractional interest in an amount equal to such fractional interest multiplied by the average of the closing price of Partnership common units for the ten consecutive full NYSE trading days ending on the full NYSE trading day immediately preceding the day the merger closes. For additional information regarding exchange procedures, please read *The Merger Agreement Exchange of Certificates; Fractional Units*.

**Q: Where will my units trade after the merger?**

A: Partnership common units will continue to trade on the NYSE under the symbol EPD. Holdings units will no longer be publicly traded.

**Q: What will Partnership common unitholders receive in the merger?**

A: Partnership common unitholders will simply retain Partnership common units they currently own. They will not receive any additional Partnership common units in the merger.

**Q: What happens to my future distributions?**

A: Once the merger is completed and Holdings units are exchanged for Partnership common units, when distributions are approved and declared by the general partner of the Partnership and paid by the Partnership, former Holdings unitholders will receive distributions on the Partnership common units they receive in the merger in accordance with the Partnership's partnership agreement. Based on an expectation that the merger will close during the fourth quarter of 2010, Holdings unitholders will receive distributions on their Holdings units for the quarter ended September 30, 2010, and will receive distributions on the Partnership common units they receive in the merger for the quarter ended December 31, 2010 to be declared and paid during 2011. Holdings unitholders will not receive distributions from both Holdings and the Partnership for the same quarter. For additional information, please read Market Prices and Distribution Information.

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Current Partnership common unitholders will continue to receive distributions on their common units in accordance with the Partnership's partnership agreement. Distributions are made in accordance with the Partnership's partnership agreement and at the discretion of the Partnership Board. For a description of the distribution provisions of the Partnership's partnership agreement, please read [Comparison of the Rights of Partnership and Holdings Unitholders](#).

The current annualized distribution rate per Holdings unit is \$2.30 (based on the quarterly distribution rate of \$0.5750 per Holdings unit declared with respect to the third quarter of 2010). Based on the exchange ratio, the annualized distribution rate for each Holdings unit exchanged for 1.50 Partnership common units would be approximately \$3.50 (based on the quarterly distribution rate of \$0.5825 per Partnership common unit declared with respect to the third quarter of 2010). Accordingly, based on current distribution rates and the 1.50 exchange ratio, a Holdings unitholder would initially receive approximately 52% more in quarterly cash distributions on an annualized basis after giving effect to the merger. For additional information, please read [Comparative Per Unit Information](#) and [Market Prices and Distribution Information](#).

Management of the Partnership GP currently intends to recommend that the Partnership Board increase the Partnership's quarterly cash distribution to \$0.590 per Partnership common unit, or \$2.36 per unit on an annualized basis, with respect to the fourth quarter 2010 distribution that would be paid in February 2011.

**Q: If I am a holder of Holdings units represented by a unit certificate, should I send in my certificates representing Holdings units now?**

A: No. After the merger is completed, Holdings unitholders who hold their units in certificated form will receive written instructions for exchanging their certificates representing Holdings units. Please do not send in your certificates representing Holdings units with your proxy card. If you own Holdings units in [street name](#), the merger consideration should be credited by your broker to your account within a few days following the closing date of the merger.

**Q: What constitutes a quorum?**

A: A majority of Holdings' outstanding units on the record date present in person or by proxy at the special meeting will constitute a quorum and will permit Holdings to conduct the proposed business at the special meeting. Your units will be counted as present at the special meeting if you:

are present and vote in person at the meeting; or

have submitted a properly executed proxy card.

Proxies received but marked as abstentions will be counted as units that are present and entitled to vote for purposes of determining the presence of a quorum. If an executed proxy is returned by a broker or other nominee holding units in [street name](#) indicating that the broker does not have discretionary authority as to certain units to vote on the proposals (a [broker non-vote](#)), such units will be considered present at the meeting for purposes of determining the presence of a quorum but cannot be included in the vote; therefore, broker non-votes have the same effect as a vote against the merger.

Pursuant to a support agreement, the Holdings supporting unitholders, which collectively own approximately 76% of Holdings' outstanding units, have agreed to ensure that their units are counted as present at the special meeting for purposes of determining a quorum. For additional information, please read [The Merger Transactions](#)

Related to the Merger Support Agreement.

**Q: What is the vote required of Holdings unitholders to approve the merger agreement and the merger?**

A: Under Holdings partnership agreement, the affirmative vote of the holders of at least a majority of Holdings outstanding units is required to approve the merger proposal. Failures to vote, abstentions and broker non-votes will have the same effect as a vote against the merger proposal for purposes of the majority vote required under the Holdings partnership agreement.

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The Holdings supporting unitholders have agreed with the Partnership pursuant to a support agreement to vote an aggregate of 105,739,220 Holdings units, representing approximately 76% of Holdings' outstanding units, in favor of the merger proposal, which is sufficient to approve the merger proposal without the affirmative vote of any other Holdings unitholder.

**Q: When do you expect the merger to be completed?**

A: A number of conditions must be satisfied before the Partnership and Holdings can complete the merger, including approval of the merger agreement and the merger by the unitholders of Holdings. Although the Partnership and Holdings cannot be sure when all of the conditions to the merger will be satisfied, the Partnership and Holdings expect to complete the merger as soon as practicable following the Holdings unitholder meeting (assuming the merger proposal is approved by the unitholders). For additional information, please read "The Merger Agreement Conditions to the Merger."

**Q: What is the recommendation of the Holdings ACG Committee and the Holdings Board?**

A: The Holdings ACG Committee and the Holdings Board recommend that you vote **FOR** the merger proposal.

On September 3, 2010, the Holdings ACG Committee unanimously determined that the merger agreement and the merger are fair and reasonable, advisable to and in the best interests of Holdings and the Holdings unaffiliated unitholders and recommended that the merger agreement and the merger be approved by the Holdings Board and the Holdings unaffiliated unitholders.

Based on the Holdings ACG Committee's determination and recommendation, the Holdings Board unanimously approved the merger agreement and the merger and recommended that the Holdings unaffiliated unitholders vote in favor of the merger proposal.

**Q: What are the expected U.S. federal income tax consequences to a Holdings unitholder as a result of the transactions contemplated by the merger agreement?**

A: Under current law, it is anticipated that for U.S. federal income tax purposes no income or gain should be recognized by a Holdings unitholder solely as a result of the merger, other than an amount of income or gain, which Holdings expects to be relatively small on a per unit basis, due to (i) any decrease in a Holdings unitholder's share of partnership liabilities pursuant to Section 752 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") or (ii) any cash received in lieu of any fractional Partnership common unit in the merger.

Please read "Risk Factors - Tax Risks Related to the Merger" and "Material U.S. Federal Income Tax Consequences of the Merger - Tax Consequences of the Merger to Holdings and Its Unitholders."

**Q: Under what circumstances could the merger result in a Holdings unitholder recognizing taxable income or gain?**

A: As a result of the merger, Holdings unitholders who receive Partnership common units will become limited partners of the Partnership and will be allocated a share of the Partnership's nonrecourse liabilities. Each Holdings unitholder will be treated as receiving a deemed cash distribution equal to the excess, if any, of such unitholder's share of nonrecourse liabilities of Holdings immediately before the merger over such unitholder's share of nonrecourse liabilities of the Partnership immediately following the merger. If the amount of the deemed cash

distribution received by a Holdings unitholder exceeds the unitholder's basis in his Holdings units, such unitholder will recognize gain in an amount equal to such excess. The Partnership and Holdings do not expect any Holdings unitholders to recognize gain in this manner. For additional information, please read Material U.S. Federal Income Tax Consequences of the Merger.

To the extent a holder of Holdings units receives cash in lieu of fractional Partnership common units in the merger, such unitholder will recognize gain or loss equal to the difference between the cash received and the unitholder's adjusted tax basis allocated to such fractional Partnership common units.

The Partnership will be deemed for U.S. federal income tax purposes to have assumed the liabilities of Holdings and its subsidiaries in the merger. A Holdings unitholder would recognize gain or loss to the extent any portion of the liabilities of Holdings or its subsidiaries assumed by the Partnership was deemed

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to be the proceeds of a disguised sale of assets to the Partnership. The Partnership and Holdings believe that all of the liabilities of Holdings will qualify for one or more exceptions to the disguised sale rules and that no gain or loss will be recognized by Holdings or its unitholders under the disguised sale rules.

Although it is not anticipated, circumstances may exist under which a Holdings unitholder's share of Holdings's basis (including basis resulting from Section 743 adjustments) in the distributed Partnership common units exceeds the unitholder's basis in its Holdings units, in which case the merger may result in recognition of gain by such unitholder equal to that excess under Section 731(c) of the Internal Revenue Code.

**Q: What are the expected U.S. federal income tax consequences for a Holdings unitholder of the ownership of Partnership common units after the merger is completed?**

A: Each Holdings unitholder who becomes a Partnership unitholder as a result of the merger will, as is the case for existing Partnership unitholders, be required to report on its U.S. federal income tax return such unitholder's distributive share of the Partnership's income, gains, losses, deductions and credits. In addition to U.S. federal income taxes, such a holder will be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which the Partnership conducts business or owns property or in which the unitholder is resident. Please read U.S. Federal Income Taxation of Ownership of Partnership Common Units.

**Q: Are Holdings unitholders entitled to appraisal rights?**

A: No. Holdings unitholders do not have appraisal rights under applicable law or contractual appraisal rights under the Holdings partnership agreement or the merger agreement.

**Q: How do I vote my units if I hold my units in my own name?**

A: After you have read this proxy statement/prospectus carefully, please respond by completing, signing and dating your proxy card and returning it in the enclosed postage-paid envelope as soon as possible in accordance with the instructions provided under The Special Unitholder Meeting Voting Procedures Voting by Holdings Unitholders beginning on page 34.

**Q: If my Holdings units are held in street name by my broker or other nominee, will my broker or other nominee vote my units for me?**

A: No. Your broker cannot vote your Holdings units held in street name for or against the merger proposal unless you tell the broker or other nominee how you wish to vote. To tell your broker or other nominee how to vote, you should follow the directions that your broker or other nominee provides to you. Please note that you may not vote your Holdings units held in street name by returning a proxy card directly to Holdings or by voting in person at the special meeting of Holdings unitholders unless you provide a legal proxy, which you must obtain from your broker or other nominee. If you do not instruct your broker or other nominee on how to vote your Holdings units, your broker or other nominee may not vote your Holdings units, which will have the same effect as a vote against the merger for purposes of the vote required under the Holdings partnership agreement. You should therefore provide your broker or other nominee with instructions as to how to vote your Holdings units.

**Q: What if I do not vote?**

A: If you do not return your proxy card or if you abstain from voting, or a broker non-vote is made, it will have the same effect as a vote against the merger proposal for purposes of the vote required under the Holdings



partnership agreement. If you sign and return your proxy card but do not indicate how you want to vote, your proxy will be counted as a vote in favor of the merger proposal.

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**Q: Who can attend and vote at the special meeting of Holdings unitholders?**

A: All Holdings unitholders of record as of the opening of business on October 13, 2010, the record date for the special meeting of Holdings unitholders, are entitled to receive notice of and vote at the special meeting of Holdings unitholders.

**Q: When and where is the special meeting?**

A: The special meeting will be held on November 22, 2010, at 8:00 a.m., local time, at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002.

**Q: If I am planning on attending the special meeting in person, should I still vote by proxy?**

A: Yes. Whether or not you plan to attend the special meeting, you should vote by proxy. Your units will not be voted if you do not return your proxy card or if you do not vote in person at the scheduled special meeting of the unitholders of Holdings to be held on November 22, 2010. This would have the same effect as a vote against the merger proposal for purposes of the vote required under the Holdings partnership agreement.

**Q: Can I change my vote after I have voted by proxy?**

A: Yes. If you own your units in your own name, you may revoke your proxy at any time prior to its exercise by:

- giving written notice of revocation to the Secretary of Holdings GP at or before the special meeting;
- appearing and voting in person at the special meeting; or
- properly completing and executing a later dated proxy and delivering it to the Secretary of Holdings GP at or before the special meeting.

Your presence without voting at the meeting will not automatically revoke your proxy, and any revocation during the meeting will not affect votes previously taken.

**Q: What should I do if I receive more than one set of voting materials for the special meeting of Holdings unitholders?**

A: You may receive more than one set of voting materials for the special meeting of Holdings unitholders and the materials may include multiple proxy cards or voting instruction cards. For example, you will receive a separate voting instruction card for each brokerage account in which you hold units. If you are a holder of record registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive according to the instructions on it.

**Q: Whom do I call if I have further questions about voting, the meeting or the merger?**

A: Holdings unitholders may call Holdings Investor Relations department at (866) 230-0745 for additional copies, without charge, of this proxy statement/prospectus or for questions about the merger, including the procedures for voting Holdings units. BNY Mellon Shareowner Services (a proxy solicitor) may also solicit proxies on Holdings behalf by mail, telephone, fax or other electronic means, or in person.



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**SUMMARY**

*This summary highlights some of the information in this proxy statement/prospectus. It may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the terms of the merger, you should read carefully this document, the documents incorporated by reference, and the Annexes to this document, including the full text of the merger agreement and the form of the Sixth Partnership Agreement included as Annex A and Annex B, respectively. Please also read *Where You Can Find More Information*.*

**The Merger Parties Businesses (page 98)**

***Enterprise Products Partners L.P.***

The Partnership is a publicly traded Delaware limited partnership, the common units of which are listed on the NYSE under the ticker symbol EPD. The Partnership was formed in April 1998 to own and operate certain natural gas liquids ( NGLs ) related businesses of EPCO. The Partnership is a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and certain petrochemicals. The Partnership s energy asset network links producers of natural gas, NGLs and crude oil from some of the largest supply basins in the United States, Canada and the Gulf of Mexico with domestic consumers and international markets. The Partnership s assets include: 49,100 miles of onshore and offshore pipelines; approximately 200 million barrels of storage capacity for NGLs, refined products and crude oil; and 27 billion cubic feet of natural gas storage capacity. The Partnership s midstream energy operations include: natural gas transportation, gathering, processing and storage; NGL transportation, fractionation, storage, and import and export terminaling; crude oil and refined products transportation, storage and terminaling; offshore production platforms; petrochemical transportation and storage; and a marine transportation business that operates primarily on the United States Inland and Intracoastal Waterway systems and in the Gulf of Mexico.

The Partnership s principal executive offices are located at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002, and its telephone number is (713) 381-6500.

***Enterprise GP Holdings L.P.***

Holdings is a publicly traded Delaware limited partnership, the limited partnership interests of which are listed on the NYSE under the ticker symbol EPE. The business of Holdings consists of the ownership of general and limited partner interests of publicly traded partnerships engaged in the midstream energy industry and related businesses.

Holdings owns the following direct and indirect interests in the Partnership:

the indirect ownership of all of the outstanding IDRs in the Partnership, through its ownership of all of the outstanding limited liability company interests in Partnership GP;

the indirect ownership of the general partner interest in the Partnership (representing a 2.0% economic interest in the Partnership), through its ownership of all of the outstanding limited liability company interests in Partnership GP; and

21,563,177 Partnership common units, representing an approximate 3.4% limited partner interest in the Partnership.

Holdings also owns (i) 38,976,090 common units of Energy Transfer Equity, L.P. ( Energy Transfer Equity ) representing approximately 17.5% of Energy Transfer Equity s outstanding common units and (ii) a non-controlling member interest in its general partner, LE GP, LLC ( LE GP ).

Holdings is owned 99.99% by its limited partners and 0.01% by Holdings GP. Holdings GP is a wholly owned subsidiary of DDLLC, a privately held affiliate of EPCO, the membership interests of which are currently owned of record collectively by three trustees (the DDLLC voting trustees ) under the Dan Duncan

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LLC Voting Trust Agreement (the "DDLLC Voting Trust Agreement"). Holdings has no operations apart from its investing activities and indirectly overseeing the management of the entities it controls.

The following table summarizes the cash distributions Holdings received for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 (dollars in millions):

	For the Year Ended			For the Six
	December 31,			Months
	2007	2008	2009	Ended
				June 30,
				2010
<b>Cash distributions to Holdings:</b>				
Investment in the Partnership and Partnership GP:				
From IDRs	\$ 104.7	\$ 123.9	\$ 161.3	\$ 110.8
From Partnership common units	25.8	27.5	33.5	24.1
From 2% economic general partner interest in the Partnership	16.9	18.2	21.8	14.4
Investment in Energy Transfer Equity and LE GP(1)	29.9	76.5	82.7	42.5
Investment in TEPPCO and TEPPCO GP(2)	60.3	67.4	56.1	
Total cash distributions received by Holdings	\$ 237.6	\$ 313.5	\$ 355.4	\$ 191.8

- (1) Includes 38,976,090 common units of Energy Transfer Equity and a member interest in LE GP.
- (2) Included 4,400,000 common units of TEPPCO Partners L.P. ("TEPPCO") and the 2% general partner interest and IDRs in TEPPCO. On October 26, 2009, the TEPPCO merger was completed and TEPPCO and Texas Eastern Products Pipeline Company, LLC ("TEPPCO GP") became wholly owned subsidiaries of the Partnership. As a result, Holdings' ownership interest in the TEPPCO units was converted into 5,456,000 Partnership common units. In addition, Holdings' membership interests in TEPPCO GP were exchanged for (i) 1,331,681 Partnership common units and (ii) an increase in the capital account of Partnership GP in the Partnership to maintain its 2% economic general partner interest in the Partnership. The issuance of Partnership common units in the TEPPCO merger also resulted in Holdings benefiting from increased distributions with respect to the IDRs in the Partnership.

Holdings' principal executive offices are located at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002, and its phone number is (713) 381-6500.

**Relationship of the Partnership and Holdings (page 101)**

The Partnership and Holdings are closely related. Holdings currently owns 100% of the limited liability company interests in the Partnership GP and 21,563,177 Partnership common units. The Partnership GP currently directly owns a 2% economic general partner interest in the Partnership and all of the Partnership's IDRs. Through its indirect ownership interests of the Partnership GP's 2% economic general partner interest in the Partnership and the Partnership's IDRs, Holdings is entitled to receive: (i) approximately 2.0% of all distributions made by the Partnership (on account of the general partner interest) and (ii) increasing percentages, up to the current maximum of 23%, of the

amount of incremental cash distributed by the Partnership above certain target distribution levels in excess of the minimum quarterly distribution of \$0.225 per Partnership common unit in any quarter (on account of the IDRs). As a result, Holdings is currently entitled to receive distributions attributable to the general partner interest and IDRs of approximately 25% of the aggregate amount of distributions to the Partnership's partners in excess of \$0.3085 per common unit. In addition, as the owner of 21,563,177 Partnership common units, Holdings is entitled to receive approximately 3.4% of the total limited partner distributions paid by the Partnership. Since Holdings' initial public offering in August 2005, distributions by the Partnership have increased from \$0.430 per Partnership common unit for the quarter ended September 30, 2005 to \$0.5825 per Partnership common unit for the quarter ended September 30, 2010; and as a result, distributions from the Partnership to Holdings (including through the Partnership GP) have increased.

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Certain executive officers of Holdings GP are also officers of the Partnership GP. Richard H. Bachmann, W. Randall Fowler, William Ordemann, Bryan F. Bulawa and Michael J. Knesek are all executive officers of both the Partnership GP and Holdings GP. For information about the common executive officers of the Partnership GP and Holdings GP and these executive officers' relationships with EPCO and its affiliates and the resulting interests of Holdings GP directors and officers in the merger, please read *Certain Relationships; Interests of Certain Persons in the Merger*.

## **Structure of the Merger (page 64)**

Pursuant to the merger agreement, at the effective time of the merger, Holdings will merge with and into a wholly owned subsidiary of the Partnership, and each outstanding unit of Holdings will be converted into the right to receive 1.50 Partnership common units. This merger consideration represented a 16% premium to the closing price of Holdings units based on the closing price of Holdings units as compared to Partnership common units on September 3, 2010, the last trading day before the public announcement of the proposed merger.

If the exchange ratio would result in a Holdings unitholder being entitled to receive a fraction of a Partnership common unit, that unitholder will receive cash from the Partnership in lieu of such fractional interest in an amount equal to such fractional interest multiplied by the average of the closing price of Partnership common units for the ten consecutive full NYSE trading days ending on the full NYSE trading day immediately preceding the day the merger closes.

Once the merger is completed and Holdings units are exchanged for Partnership common units (and cash in lieu of fractional units, if applicable), when distributions are declared by the general partner of the Partnership and paid by the Partnership, former Holdings unitholders will receive distributions on their Partnership common units in accordance with the Partnership's partnership agreement. For a description of the distribution provisions of the Partnership's partnership agreement, please read *Comparison of the Rights of Partnership and Holdings Unitholders*.

## **Transactions Related to the Merger (page 62)**

### ***Support Agreement***

In connection with the merger agreement, the Partnership entered into a support agreement, dated as of September 3, 2010 (the *support agreement*), by and among the Partnership, on one hand, and DD Securities LLC, DFI GP Holdings, L.P., EPCO Holdings, Inc., Duncan Family Interests, Inc., DDLLC and DFI Delaware Holdings L.P. ( *DFIDH* ) (collectively referred to in this proxy statement/prospectus as the *Holdings supporting unitholders*), all privately held affiliates of EPCO, on the other hand. Pursuant to the support agreement, the Holdings supporting unitholders, who directly own 105,739,220 Holdings units (representing approximately 76% of the outstanding Holdings units and a sufficient vote for approval of the merger agreement if voted in favor therefor), agreed to vote their Holdings units (i) in favor of the adoption of the merger agreement, any transactions contemplated by the merger agreement and any other action reasonably requested by the Partnership in furtherance thereof, submitted for the vote or written consent of Holdings unitholders, (ii) against any action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of Holdings or Holdings GP or any of their subsidiaries contained in the merger agreement, and (iii) against any action, agreement or transaction that would impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the transactions contemplated by the merger agreement.

The support agreement will terminate automatically on December 31, 2010 or upon any earlier termination of the merger agreement. In addition, the Holdings supporting unitholders may terminate their obligations under the support agreement, including their obligations to execute and deliver the distribution waiver agreement, (i) after any change in recommendation by the Holdings ACG Committee permitted under the merger agreement, (ii) after any change in, or



a failure to maintain, the Holdings ACG Committee s Special Approval in accordance with the Holdings partnership agreement and (iii) after the occurrence of

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certain specified changes in U.S. federal income tax law if such changes occur prior to the closing of the merger.

The foregoing description of the support agreement is qualified in its entirety by reference to the full text of the support agreement, a copy of which is attached as Annex D to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

***Fourth Amendment to the Holdings Partnership Agreement***

Pursuant to the merger agreement and immediately prior to the effective time of the merger, Holdings' existing partnership agreement will be amended to provide for the transformation of the approximate 0.01% economic interest of the general partner in Holdings owned by Holdings GP into 13,921 Holdings units representing an approximate 0.01% limited partner interest in Holdings and a non-economic general partner interest in Holdings, in accordance with a Fourth Amendment to the First Amended and Restated Agreement of Limited Partnership of Holdings, the form of which is attached as Annex A to the merger agreement.

***GP Merger***

Immediately following the transformation of the general partner interest in Holdings and pursuant to an Agreement and Plan of Merger, dated as of September 3, 2010, by and among the Partnership GP, Holdings and Holdings GP (the GP merger agreement), the Partnership GP (currently a wholly owned subsidiary of Holdings) will merge with and into Holdings, with Holdings surviving the GP merger. In accordance with an amendment to the Partnership's existing partnership agreement to be executed in connection with the merger, Holdings will succeed the Partnership GP as an interim general partner of the Partnership immediately prior to the effective time of the merger.

***Sixth Amended and Restated Agreement of Limited Partnership of the Partnership***

Immediately following the effective time of the GP merger, at the effective time of the merger, Holdings will merge into MergerCo, with MergerCo surviving as a wholly owned subsidiary of the Partnership. As a result of the merger and in accordance with the Sixth Partnership Agreement of the Partnership, the form of which is attached as Annex B to this proxy statement/prospectus and which will be executed in connection with the merger, the IDRs in the Partnership will be cancelled, the current 2% economic general partner interest in the Partnership will be converted to a non-economic general partner interest in the Partnership and Holdings GP will succeed Holdings as the new general partner of the Partnership.

***Distribution Waiver Agreement***

In connection with the merger, DFIDH, an affiliate of EPCO, will agree to designate and waive its rights to quarterly distributions with respect to the specified number of Partnership common units listed below over a five-year period after the merger closing date as set forth in a distribution waiver agreement, the form of which is attached as Annex C to this proxy statement/prospectus (the distribution waiver agreement), which agreement will be executed in connection with the merger. The number of Partnership common units on which distributions are waived is initially 30,610,000 Partnership common units, which number of units decreases annually for a five-year period after the merger closing date as follows:

<b>Period</b>	<b>Number of Partnership Common Units on Which Distributions Are Waived</b>
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First four-quarter period following closing	30,610,000
Second four-quarter period following closing	26,130,000
Third four-quarter period following closing	23,700,000
Fourth four-quarter period following closing	22,560,000
Fifth four-quarter period following closing	17,690,000

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Based on the quarterly distribution rate for Partnership common units of \$0.5825 declared with respect to the third quarter of 2010, the distributions waived would aggregate approximately \$281 million during these distribution periods.

DFIDH will have no obligation to execute and deliver the distribution waiver agreement in the event of a termination of the support agreement as described above under Support Agreement.

The foregoing description of the distribution waiver agreement is qualified in its entirety by reference to the full text of the distribution waiver agreement, which is attached as Annex C to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

**Directors and Officers of the Partnership GP and Holdings GP (page 110)**

DDLLC, the sole member of Holdings GP, has the power to appoint and remove all of the directors of Holdings GP. DDLLC is controlled by the DDLLC voting trustees under the DDLLC Voting Trust Agreement. The DDLLC voting trustees have not yet determined which directors of the Partnership GP and Holdings GP will continue as directors of Holdings GP as the successor general partner of the Partnership following the merger. In the absence of any changes, the current directors of Holdings GP will continue as directors of the successor general partner of the Partnership following the merger.

The following individuals are currently executive officers of the Partnership GP and those persons signified with an asterisk (\*) also currently serve as executive officers of Holdings GP. The individuals below are expected to be the executive officers of Holdings GP as the successor general partner of the Partnership following the merger.

Michael A. Creel

W. Randall Fowler\*

Richard H. Bachmann\*

A. James Teague

William Ordemann\*

Lynn L. Bourdon, III

Bryan F. Bulawa\*

James M. Collingsworth

Mark Hurley

Michael J. Knesek\*

Christopher Skoog

Thomas M. Zulim

**Market Prices of Partnership Common Units and Holdings Units Prior to Announcing the Proposed Merger (page 25)**

The Partnership's common units are traded on the NYSE under the ticker symbol EPD. Holdings units are traded on the NYSE under the ticker symbol EPE. The following table shows the closing prices of Partnership common units and Holdings units on September 3, 2010 (the last full trading day before the Partnership and Holdings announced the proposed merger) and the average closing price of Partnership common units and Holdings units during the 20-day trading period prior to and including September 3, 2010.

<b>Date/Period</b>	<b>Partnership Common Units</b>	<b>Holdings Units</b>
September 3, 2010	\$ 38.45	\$ 49.90
20-day Average	\$ 37.17	\$ 48.79

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**The Special Unitholder Meeting (page 34)**

*Where and when:* The Holdings special unitholder meeting will take place at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002 on November 22, 2010 at 8:00 a.m., local time.

*What you are being asked to vote on:* At the Holdings meeting, Holdings unitholders will vote on the approval of the merger agreement and the merger. Holdings unitholders also may be asked to consider other matters as may properly come before the meeting. At this time, Holdings knows of no other matters that will be presented for the consideration of its unitholders at the meeting.

*Who may vote:* You may vote at the Holdings meeting if you owned Holdings units at the opening of business on the record date, October 13, 2010. On that date, there were 139,195,064 Holdings units outstanding. You may cast one vote for each outstanding Holdings unit that you owned on the record date.

*What vote is needed:* Under Holdings partnership agreement, the affirmative vote of the holders of at least a majority of Holdings outstanding units is required to approve the merger agreement and merger. Holdings supporting unitholders, which collectively directly own approximately 76% of the outstanding Holdings units, have agreed to vote all of their Holdings units in favor of the merger agreement and the merger. Accordingly, the Holdings supporting unitholders own a sufficient number of Holdings units to approve the merger without the affirmative vote of any other Holdings unitholder. The Holdings supporting unitholders are not required to vote in favor of the merger in certain circumstances, including if there is a change in recommendation by the Holdings Board, or the merger has not been completed on or prior to December 31, 2010.

**Recommendation to Holdings Unitholders (page 45)**

The members of the Holdings ACG Committee who participated in the merger review and negotiation process considered the benefits of the merger and the related transactions as well as the associated risks and unanimously determined that the merger agreement and the merger are fair and reasonable, advisable to and in the best interests of Holdings and the Holdings unaffiliated unitholders and recommended that the merger agreement and the merger be approved by the Holdings Board and the Holdings unaffiliated unitholders. Based on the Holdings ACG Committee's determination and recommendation, the Holdings Board has also unanimously approved and declared the advisability of the merger agreement and the merger and, together with the Holdings ACG Committee, recommends that the Holdings unaffiliated unitholders vote to approve the merger agreement and the merger.

Holdings unitholders are urged to carefully review the background and reasons for the merger described under *The Merger* and the risks associated with the merger described under *Risk Factors*.

**Holdings Reasons for the Merger (page 45)**

The Holdings ACG Committee considered many factors in determining that the merger agreement and the merger are fair and reasonable, advisable to and in the best interests of Holdings and the Holdings unaffiliated unitholders. The Holdings ACG Committee viewed the following factors, among others described in greater detail under *The Merger Recommendation of the Holdings ACG Committee and the Holdings Board and Reasons for the Merger*, as being generally positive or favorable in coming to this determination and its related recommendations:

The pro forma increase of approximately 54% in quarterly cash distributions expected to be received by Holdings unitholders, based upon the 1.50 exchange ratio and quarterly cash distribution rates paid by

Holdings and the Partnership in August 2010, together with the expectation that the merger will be accretive to cash distributions received by Holdings unitholders in each year through 2015 (the period for which projections were provided).

In the merger, Holdings unitholders will receive common units representing limited partner interests in the Partnership, which Partnership common units have substantially more liquidity than Holdings units because of the Partnership common units' larger average daily trading volume, as well as the

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Partnership being a significantly larger entity with a broader investor base and a larger public float, along with less volatility in the trading market for the Partnership common units.

The exchange ratio in the merger, which based upon the closing prices of Holdings units and Partnership common units on September 3, 2010, the last trading date before the Holdings ACG Committee and Holdings Board approved the merger agreement, represented a premium of:

approximately 16% above the closing price of Holdings units of \$49.90 on September 3, 2010; and

approximately 40% above the average closing price of Holdings units of \$41.32 during the one-year period ended on September 3, 2010.

The opinion of the Holdings ACG Committee's financial advisor, Morgan Stanley & Co. Incorporated (Morgan Stanley), rendered to the Holdings ACG Committee on September 3, 2010 to the effect that, as of such date and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the exchange ratio under the merger agreement was fair, from a financial point of view, to the Holdings unitholders (other than the Holdings supporting unitholders).

That the merger provides Holdings unitholders with an opportunity to benefit from price appreciation and increased distributions through ownership of Partnership common units, which should benefit from the lower long-term cost of capital associated with the permanent cancellation of the IDRs and the Partnership's enhanced ability to compete for future acquisitions and finance organic growth projects.

The stronger credit profile of the Partnership relative to that of Holdings.

That Holdings unitholders, generally, should not recognize any income or gain, for U.S. federal income tax purposes, solely as a result of the receipt of the Partnership common units pursuant to the merger.

The Holdings ACG Committee considered the following factors, among others described in greater detail under "The Merger Recommendation of the Holdings ACG Committee and the Holdings Board and Reasons for the Merger," to be generally negative or unfavorable in making its determination and recommendations:

The risk that the merger might not be completed in a timely manner, or that the merger might not be consummated as a result of a failure to satisfy the conditions contained in the merger agreement, including any failure to close by December 31, 2010, which would result in the termination of the obligations of (i) the Holdings supporting unitholders under the support agreement and (ii) DFIDH to execute the distribution waiver agreement, and that any failure to complete the merger could negatively impact the trading price of Holdings units.

That the exchange ratio is fixed, and the possibility that the Partnership common unit price could decline relative to the Holdings unit price prior to closing, reducing the premium available to Holdings unitholders.

The possibility that Holdings unitholders could be foregoing appreciation principally associated with the IDRs, which might be realized either in the form of increased distributions or appreciation in unit value if the business of the Partnership performs materially better than anticipated and the Partnership increases its distributions to levels substantially higher than anticipated.

The possibility that the proposed carried interest federal tax legislation could be enacted with an effective date, or a retroactive effective date, before consummation of the merger, and the potential material tax liabilities that



could be incurred by Holdings unitholders as a consequence thereof.

The limitations on Holdings considering unsolicited offers from third parties not affiliated with Holdings GP.

Overall, the Holdings ACG Committee believed that the advantages of the merger outweighed the negative factors.

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**Opinion of Holdings ACG Committee's Financial Advisor (page 51)**

In connection with the merger, the Holdings ACG Committee retained Morgan Stanley as its financial advisor. On September 3, 2010, Morgan Stanley rendered to the Holdings ACG Committee its written opinion to the effect that, as of such date and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in the written opinion, the exchange ratio under the merger agreement was fair, from a financial point of view, to the holders of Holdings units (other than the Holdings supporting unitholders). The full text of Morgan Stanley's written opinion, which sets forth, among other things, the assumptions made, specified work performed, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached as Annex E to this proxy statement/prospectus. The opinion was directed to the Holdings ACG Committee and addresses only the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to the holders of Holdings units (other than the Holdings supporting unitholders) on the date of the opinion. The opinion does not address any other aspect of the merger or related transactions and does not constitute a recommendation to any Holdings unitholder as to how to vote or act on any matter with respect to the merger or related transactions.

**Certain Relationships; Interests of Certain Persons in the Merger (page 101)**

The Partnership and Holdings have extensive and ongoing relationships with EPCO and its affiliates, which include both the Partnership GP and Holdings GP, as well as DDLLC.

Holdings GP is a wholly owned subsidiary of DDLLC, which is controlled by the DDLLC voting trustees pursuant to the DDLLC Voting Trust Agreement. EPCO is also controlled by three voting trustees (the EPCO voting trustees) under the EPCO Voting Trust Agreement. The EPCO voting trustees and the DDLLC voting trustees are the same three individuals: Randa Duncan Williams, Richard H. Bachmann and Ralph S. Cunningham.

As of October 13, 2010, the DDLLC voting trustees and the EPCO voting trustees, in their capacities as such trustees, as executors and individually, collectively owned or controlled approximately 29% of the Partnership's outstanding common units, approximately 77% of the limited partner interests in Holdings and 100% of the limited liability company interests in Holdings GP. The Holdings supporting unitholders, who have agreed to vote in favor of the merger and the merger agreement, directly own approximately 76% of Holdings' outstanding units. The directors, executive officers and other affiliates of Holdings collectively owned or controlled an additional 1.4% of Holdings outstanding units.

The officers of Holdings are employees of EPCO. A number of EPCO employees who provide services to Holdings also provide services to the Partnership, often serving in the same positions. Holdings has an extensive and ongoing relationship with the Partnership, EPCO and other entities controlled by the DDLLC voting trustees and the EPCO voting trustees.

Further, Holdings GP's directors and executive officers have interests in the merger that may be different from, or in addition to, your interests as a unitholder of Holdings, including:

The non-management directors of Holdings GP hold equity-based awards under Holdings benefit plans that will generally be converted into equity awards with respect to Partnership common units, adjusted for the exchange ratio.

All of the directors and executive officers of Holdings GP will receive continued indemnification for their actions as directors and executive officers.

Most of the directors of Holdings GP directly or beneficially own Partnership common units, including Ms. Williams, Dr. Cunningham, Mr. Bachmann, Thurmon M. Address, O.S. Andras and Edwin E. Smith.

In addition to serving as a director and Executive Vice President of Holdings GP, Mr. Bachmann also serves as the Executive Vice President, Chief Legal Officer and Secretary of the Partnership GP, and has certain duties to the limited partners of the Partnership.

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Three of the directors of Holdings GP, Ms. Williams, Mr. Bachmann and Dr. Cunningham (who is also CEO of Holdings GP), also serve as both the DDLIC voting trustees and the EPCO voting trustees. These three individuals also serve as independent executors of the estate of Dan L. Duncan. Through these positions, these persons effectively own or control approximately 76% of the outstanding Holdings units and approximately 28% of the outstanding Partnership common units and Class B units, collectively, which securities represented an aggregate fair market value of approximately \$5.3 billion and \$7.0 billion, respectively, based on the closing prices of the Holdings units and Partnership common units on September 3, 2010, the last trading day before announcement of the merger. In their capacities as trustees of those voting trusts or as a majority of the directors of certain affiliated entities, Ms. Williams, Mr. Bachmann and Dr. Cunningham have authorized or caused the Holdings supporting unitholders to enter into the support agreement, pursuant to which the Holdings supporting unitholders have agreed to vote approximately 76% of the outstanding Holdings units in favor of the merger agreement and the merger.

Each of the executive officers of the Partnership GP is currently expected to be elected to serve as an executive officer of Holdings GP as the new general partner of the Partnership. The persons who will be elected as directors of Holdings GP following the merger have not yet been determined.

**The Merger Agreement (page 64)**

The merger agreement is attached to this proxy statement/prospectus as Annex A and is incorporated by reference into this document. You are encouraged to read the merger agreement because it is the legal document that governs the merger.

***What Needs to be Done to Complete the Merger***

The Partnership and Holdings will complete the merger only if the conditions set forth in the merger agreement are satisfied or, in some cases, waived. The obligations of the Partnership and Holdings to complete the merger are subject to, among other things, the following conditions:

the approval of the merger agreement and the merger by the requisite vote of the Holdings unitholders, which approval is contractually assured by the Holdings supporting unitholders' agreement to vote in favor of the merger and the merger agreement unless the support agreement is terminated upon, among other things, a termination of the merger agreement or a change in recommendation by the Holdings ACG Committee;

the making of all required filings and the receipt of all required governmental consents, approvals, permits and authorizations from any applicable governmental authorities prior to the merger effective time, except where the failure to obtain such consent, approval, permit or authorization would not be reasonably likely to result in a material adverse effect on Holdings or the Partnership;

the absence of any decree, order, injunction or law that enjoins, prohibits or makes illegal the consummation of any of the transactions contemplated by the merger agreement, and any action, proceeding or investigation by any governmental authority seeking to restrain, enjoin, prohibit or delay such consummation;

the continued effectiveness of the registration statement of which this proxy statement/prospectus is a part;

the approval for listing on the NYSE of the Partnership common units to be issued in the merger, subject to official notice of issuance;

the consummation of the GP merger;

the execution of the Sixth Partnership Agreement of the Partnership, the form of which is attached as Annex B to this proxy statement/prospectus, and the admittance of Holdings GP as the new general partner of the Partnership; and

the execution and delivery by certain affiliates of EPCO of the distribution waiver agreement.

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Please read Transactions Related to the Merger above for information about the GP merger, the Sixth Partnership Agreement and the distribution waiver agreement.

The Partnership's obligation to complete the merger is further subject to the following conditions:

the representations and warranties of each of Holdings and Holdings GP set forth in the merger agreement being true and correct in all material respects, and Holdings and Holdings GP having performed all of their obligations under the merger agreement in all material respects;

The Partnership having received an opinion of Andrews Kurth LLP, counsel to the Partnership ( Andrews Kurth ), as to the treatment of the merger for U.S. federal income tax purposes and as to certain other tax matters; and

No material adverse effect (as defined under the merger agreement) having occurred with respect to Holdings.

Holdings' obligation to complete the merger is further subject to the following conditions:

the representations and warranties of each of the Partnership and Partnership GP set forth in the merger agreement being true and correct in all material respects, and the Partnership and Partnership GP having performed all of their obligations under the merger agreement in all material respects;

Holdings having received an opinion of Vinson & Elkins L.L.P., counsel to Holdings ( Vinson & Elkins ), as to the treatment of the merger for U.S. federal income tax purposes and as to certain other tax matters; and

No material adverse effect (as defined under the merger agreement) having occurred with respect to the Partnership.

Each of the Partnership and Holdings may choose to complete the merger even though any condition to its obligation has not been satisfied if the necessary unitholder approval has been obtained and the law allows it to do so.

***No Solicitation***

Holdings GP and Holdings have agreed that they will not, and they will use their commercially reasonable best efforts to cause their representatives not to, directly or indirectly, initiate, solicit, knowingly encourage or facilitate any inquiries or the making or submission of any proposal that constitutes, or may reasonably be expected to lead to, an acquisition proposal, or participate in any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, any acquisition proposal, unless the Holdings ACG Committee, after consultation with its outside legal counsel and financial advisors, determines in good faith that such acquisition proposal constitutes or is likely to result in a superior proposal and the failure to do so would be inconsistent with its duties under the Holdings partnership agreement and applicable law. Please read The Merger Agreement Covenants Acquisition Proposals; Change in Recommendation for more information about what constitutes an acquisition proposal and a superior proposal.

***Change in Recommendation***

The Holdings ACG Committee is permitted to withdraw, modify or qualify in any manner adverse to the Partnership its recommendation of the merger or publicly approve or recommend, or publicly propose to approve or recommend, any acquisition proposal, referred to in this proxy statement/prospectus as a change in recommendation in certain

circumstances. Specifically, if, prior to receipt of Holdings unitholder approval, the Holdings ACG Committee concludes in good faith, after consultation with its outside legal counsel and financial advisors, that a failure to change its recommendation would be inconsistent with its duties under the Holdings partnership agreement and applicable law, the Holdings ACG Committee may determine to make a change in recommendation.

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***Termination of the Merger Agreement***

The Partnership and Holdings can agree to terminate the merger agreement by mutual written consent at any time without completing the merger, even after the Holdings unitholders have approved the merger agreement and the merger. In addition, either party may terminate the merger agreement on its own upon written notice to the other without completing the merger if:

the merger is not completed on or before December 31, 2010;

any legal prohibition to completing the merger has become final and non-appealable, provided that the terminating party is not in breach of its covenant to use commercially reasonable best efforts to complete the merger promptly; or

any condition to the closing of the merger cannot be satisfied.

The Partnership may terminate the merger agreement at any time if the Holdings ACG Committee, upon written notice to the Partnership, determines to make a change in recommendation in accordance with the merger agreement.

Holdings may terminate the merger agreement if (i) the Holdings ACG Committee determines, in accordance with the merger agreement, to make a change in recommendation and subsequently determines not to hold the Holdings special meeting or (ii) the necessary unitholder approval is not obtained at the Holdings special meeting.

Holdings may terminate the merger agreement upon written notice to the Partnership, at any time prior to the Holdings special meeting, if Holdings receives an acquisition proposal from a third party, the Holdings ACG Committee concludes in good faith that such acquisition proposal constitutes a superior proposal, the Holdings ACG Committee has made a change in recommendation pursuant to the merger agreement with respect to such superior proposal, Holdings has not knowingly and intentionally breached the no solicitation covenants contained in the merger agreement, and the Holdings ACG Committee concurrently approves, and Holdings concurrently enters into, a definitive agreement with respect to such superior proposal. Notwithstanding anything in the merger agreement to the contrary, without the prior written consent of the Audit, Conflicts and Governance Committee of the Partnership Board (the Partnership ACG Committee), no acquisition proposal will constitute a superior proposal if such acquisition proposal is conditioned on completion of an acquisition of the Partnership that would require approval by the Partnership ACG Committee under the Partnership's partnership agreement.

Finally, either party may terminate the merger agreement upon 30 days written notice to the other if, as a result of a change in U.S. federal income tax law, the completion of the merger or the transactions contemplated by the merger agreement (taking into account any available elections) could reasonably be expected to materially increase the amount of U.S. federal income tax due from any holder of Holdings units or Partnership common units, as the case may be, as a result of owning or disposing of Partnership common units, whether acquired pursuant to or owned prior to such transactions, as compared to the amount of U.S. federal income tax due from such holder as a result of owning or disposing of any Holdings units or Partnership common units, as the case may be, in the event the transactions contemplated by the merger agreement did not occur; provided that no termination of the merger agreement will be effective in the event that, within 30 days after receipt of such notice, the non-terminating party has provided to the terminating party the opinion of nationally recognized tax counsel, reasonably acceptable to the terminating party, to the effect that such holder of Holdings units or Partnership common units, as the case may be, should not be liable for such increased tax as a result of owning or disposing of Partnership common units.

**Material U.S. Federal Income Tax Consequences of the Merger (page 132)**



Tax matters associated with the merger are complicated. The U.S. federal income tax consequences of the merger to a Holdings unitholder will depend on such unitholder's own situation. The tax discussions in this proxy statement/prospectus focus on the U.S. federal income tax consequences generally applicable to individuals who are residents or citizens of the United States that hold their Holdings units as capital assets,

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and these discussions have only limited application to other unitholders, including those subject to special tax treatment. Holdings unitholders are urged to consult their tax advisors for a full understanding of the U.S. federal, state, local and foreign tax consequences of the merger that will be applicable to them.

Holdings expects to receive an opinion from Vinson & Elkins to the effect that no gain or loss should be recognized by the holders of Holdings units to the extent Partnership common units are received in exchange therefor as a result of the merger, other than gain resulting from either (i) any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code, or (ii) any cash received in lieu of any fractional Partnership common units. The Partnership expects to receive an opinion from Andrews Kurth to the effect that no gain or loss should be recognized by Partnership unaffiliated unitholders as a result of the merger (other than gain resulting from any decrease in Partnership liabilities pursuant to Section 752 of the Internal Revenue Code). Partnership unaffiliated unitholders means Partnership unitholders other than those controlling, controlled by or under common control with the Partnership GP and Holdings. Opinions of counsel, however, are subject to certain limitations and are not binding on the Internal Revenue Service, or IRS, and no assurance can be given that the IRS would not successfully assert a contrary position regarding the merger and the opinions of counsel.

The U.S. federal income tax consequences described above may not apply to some holders of Partnership common units and Holdings units. Please read *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 132 for a more complete discussion of the U.S. federal income tax consequences of the merger.

## **Other Information Related to the Merger**

### ***No Appraisal Rights (page 61)***

Holdings unitholders do not have appraisal rights under applicable law or contractual appraisal rights under the Holdings partnership agreement or the merger agreement.

### ***Antitrust and Regulatory Matters (page 61)***

The merger is subject to both state and federal antitrust laws. Under the rules applicable to partnerships, no filing is required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act). However, the Partnership or Holdings may receive requests for information concerning the proposed merger and related transactions from the Federal Trade Commission, or FTC, the Antitrust Division of the Department of Justice, or DOJ, or individual states.

### ***Listing of Common Units to be Issued in the Merger (page 61)***

The Partnership expects to obtain approval to list on the NYSE the Partnership common units to be issued pursuant to the merger agreement, which approval is a condition to the merger.

### ***Accounting Treatment (page 61)***

The merger will be accounted for in accordance with Financial Accounting Standards Board Accounting Standards Codification 810, *Consolidations Overall Changes in Parent's Ownership Interest in a Subsidiary*, which is referred to as FASB ASC 810. Holdings is considered as the surviving consolidated entity for accounting purposes rather than the Partnership, which is the surviving consolidated entity for legal and reporting purposes. Therefore, the changes in Holdings ownership interest will be accounted for as an equity transaction and no gain or loss will be recognized as a result of the merger.

### ***Comparison of the Rights of Partnership and Holdings Unitholders (page 116)***

Holdings unitholders will own Partnership common units following the completion of the merger, and their rights associated with Partnership common units will be governed by, in addition to Delaware law, the Sixth Partnership Agreement, which differs in a number of respects from Holdings partnership agreement.

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### ***Pending Litigation (page 61)***

On September 9, 2010 Sanjay Israni, a purported Holdings unitholder, filed a complaint in the Court of Chancery of the State of Delaware (the Court), as a putative class action on behalf of Holdings unitholders, captioned *Sanjay Israni v. EPE Holdings LLC, Enterprise GP Holdings L.P., Enterprise Products Company, Enterprise Products Partners L.P., Oscar S. Andras, Ralph S. Cunningham, Richard H. Bachmann, Randa Duncan Williams, Thurmon M. Andress, Charles E. McMahan, Edwin E. Smith and B.W. Waycaster* (the Israni Complaint). The Israni Complaint alleges, among other things, that the named directors, EPCO and the Partnership have breached fiduciary duties in connection with the proposed merger and that Holdings aided and abetted in these alleged breaches of fiduciary duties.

On September 24, 2010 Richard Fouke, another purported Holdings unitholder, filed a complaint in the Court, as a putative class action on behalf of Holdings unitholders, captioned *Richard Fouke v. EPE Holdings LLC, Enterprise GP Holdings L.P., Enterprise Products Company, Enterprise Products Partners L.P., Enterprise Products GP, LLC, Oscar S. Andras, Ralph S. Cunningham, Richard H. Bachmann, Randa Duncan Williams, Thurmon M. Andress, Charles E. McMahan, Edwin E. Smith and B.W. Waycaster* (the Fouke Complaint). The Fouke Complaint alleges, among other things, that the named directors, Holdings GP, the Partnership, the Partnership GP and EPCO breached the implied contractual covenant of good faith and fair dealing in connection with the proposed merger and that Holdings and other defendants aided and abetted in the alleged breach.

Additionally, on September 28, 2010, Eugene Lonergan, Sr., a third purported Holdings unitholder, filed a complaint in the Court, as a putative class action on behalf of Holdings unitholders, captioned *Eugene Lonergan, Sr. v. EPE Holdings LLC, Enterprise GP Holdings L.P., Oscar S. Andras, Ralph S. Cunningham, Richard H. Bachmann, Randa Duncan Williams, Thurmon M. Andress, Charles E. McMahan, Edwin E. Smith and B.W. Waycaster* (the Lonergan Complaint). The Lonergan Complaint alleges that the named directors and Holdings GP breached the implied contractual covenant of good faith and fair dealing, including failing to make adequate disclosures, in connection with the proposed merger. On October 8, 2010, the Court held a hearing on a motion by the plaintiff to expedite the proceedings. On October 11, 2010, the Court denied the motion.

Finally, on October 11, 2010, John Psomas, a purported Partnership unitholder, filed a complaint in the Court, as a putative class action on behalf of Partnership unitholders, captioned *John Psomas v. Enterprise Products Partners L.P., Enterprise Products GP, LLC, Michael A. Creel, W. Randall Fowler, A. James Teague, Michael J. Knesek, E. William Barnett, Charles M. Rampacek and Rex C. Ross* (the Psomas Complaint). The Psomas Complaint alleges that the Partnership and the Partnership GP breached the Partnership's partnership agreement by failing to submit the merger agreement to a Partnership unitholder vote and that the named directors breached their fiduciary duties of candor and full disclosure.

Each of these complaints seeks to enjoin the proposed merger transaction and, in the event the merger is consummated, the Psomas Complaint seeks a Partnership unitholder vote to ratify approval of the merger and damages resulting from the directors' alleged breaches of fiduciary duties. The Partnership and Holdings cannot predict the outcome of these or any other lawsuits that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can the Partnership and Holdings predict the amount of time and expense that will be required to resolve these lawsuits. The Partnership and Holdings intend to vigorously defend against these and any other actions.

### **Summary of Risk Factors (page 26)**

You should consider carefully all the risk factors together with all of the other information included in this proxy statement/prospectus before deciding how to vote. The risks related to the merger and the related transactions, the

Partnership's business, the Partnership common units and risks resulting from the

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Partnership's organizational structure are described under the caption "Risk Factors" beginning on page 26 of this proxy statement/prospectus. Some of these risks include, but are not limited to, those described below:

Holdings' partnership agreement limits the fiduciary duties of Holdings GP to unitholders and restricts the remedies available to unitholders for actions taken by Holdings GP that might otherwise constitute breaches of fiduciary duty.

The directors and executive officers of Holdings GP may have interests relating to the merger that differ in certain respects from the interests of the Holdings unaffiliated unitholders.

The exchange ratio is fixed and the market value of the merger consideration to Holdings unitholders will be equal to 1.50 times the price of Partnership common units at the closing of the merger, which market value will decrease if the market value of the Partnership's common units decreases.

The transactions contemplated by the merger agreement may not be consummated even if Holdings unitholders approve the merger agreement and the merger.

Financial projections by the Partnership and Holdings may not prove accurate.

The merger agreement may be terminated and the support agreement will automatically terminate on December 31, 2010 if the merger has not been completed, and the failure to complete the merger for any reason could negatively impact the price of Holdings units and Partnership common units.

The number of outstanding Partnership common units will increase as a result of the merger, which could make it more difficult to maintain the Partnership's current positive distribution coverage ratio or increase the level of future quarterly distributions.

While the merger agreement is in effect, Holdings may lose opportunities to enter into different business combination transactions with other parties on more favorable terms, and both the Partnership and Holdings may be limited in their ability to pursue other attractive business opportunities.

No ruling has been requested with respect to the U.S. federal income tax consequences of the merger.

The intended U.S. federal income tax consequences of the merger are dependent upon each of the Partnership and Holdings being treated as a partnership for U.S. federal income tax purposes.

The U.S. federal income tax treatment of the merger is subject to potential legislative change and differing judicial or administrative interpretations.

Holdings unitholders could recognize taxable income or gain for U.S. federal income tax purposes as a result of the merger.

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**Organizational Chart**

*Before the Merger*

The following diagram depicts the organizational structure of the Partnership and Holdings as of October 13, 2010 before the consummation of the merger and the other transactions contemplated by the merger agreement.

- (1) Includes Holdings units beneficially owned by the estate of Dan L. Duncan, Randa Duncan Williams, and certain trusts and privately held affiliates.
- (2) EPCO and its private affiliates beneficially own an approximate 27.0% limited partner interest in the Partnership.

**Table of Contents***After the Merger*

The following diagram depicts the organizational structure of the Partnership and Holdings immediately after giving effect to the merger, the other transactions contemplated by the merger agreement and a planned contribution by the Partnership of MergerCo to EPO immediately thereafter.

<b>Beneficial Owners of Limited Partner Units</b> (as of October 13, 2010)	Partnership	Holdings	Partnership Pro Forma
EPCO and privately held affiliates(1)	27.5%	76.6%	40.6%
Holdings	3.4%	%	
Public unitholders	69.1%	23.4%	59.4%
Total	100.0%	100.0%	100.0%

(1) Partnership percentage includes 4,520,431 Class B units of the Partnership owned by a privately held affiliate of EPCO. Holdings percentage includes 13,921 Holdings units to be issued in connection with the GP merger immediately prior to the merger as part of a transformation of the current 0.01% general partner interest in Holdings. Partnership Pro Forma percentage also includes 30,610,000 Partnership common units designated initially under a distribution waiver agreement. Please read *The Merger Transactions Related to the Merger Distribution Waiver Agreement*.



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**SUMMARY HISTORICAL AND PRO FORMA FINANCIAL AND OPERATING INFORMATION OF THE PARTNERSHIP AND HOLDINGS**

The following tables set forth, for the periods and at the dates indicated, summary historical financial and operating information for the Partnership and Holdings and summary unaudited pro forma financial information for the Partnership after giving effect to the proposed merger with Holdings. The summary historical financial data as of and for each of the years ended December 31, 2007, 2008 and 2009 are derived from and should be read in conjunction with the audited financial statements and accompanying footnotes of the Partnership and Holdings, respectively. The summary historical financial data as of and for the six-month periods ended June 30, 2009 and 2010 are derived from and should be read in conjunction with the unaudited financial statements and accompanying footnotes of the Partnership and Holdings, respectively. The Partnership's and Holdings' consolidated balance sheets as of December 31, 2008 and 2009 and as of June 30, 2010, and the related statements of consolidated operations, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2009 and the six months ended June 30, 2010 and 2009 are incorporated by reference into this proxy statement/prospectus from the Partnership's and Holdings' respective annual reports on Form 10-K for the year ended December 31, 2009, and the quarterly reports on Form 10-Q for the period ended June 30, 2010.

The summary unaudited pro forma condensed consolidated financial statements of the Partnership show the pro forma effect of the Partnership's proposed merger with Holdings. Holdings will be treated as the surviving consolidated entity for accounting purposes, even though the Partnership will be the surviving consolidated entity for legal and reporting purposes. For accounting purposes, Holdings is considered the accounting acquiror of the Partnership's noncontrolling interests. For a complete discussion of the pro forma adjustments underlying the amounts in the table on the following page, please read "Unaudited Pro Forma Condensed Consolidated Financial Statements" beginning on page F-2 of this document.

The unaudited pro forma condensed consolidated financial statements have been prepared to assist in the analysis of financial effects of the proposed merger between the Partnership and Holdings. The unaudited pro forma condensed statements of consolidated operations for the six months ended June 30, 2010 and the year ended December 31, 2009 assume the merger-related transactions occurred on January 1, 2009. The unaudited pro forma condensed consolidated balance sheet shows the financial effects of the merger-related transactions as if they had occurred on June 30, 2010. The unaudited pro forma condensed consolidated financial statements are based upon assumptions that the Partnership believes are reasonable under the circumstances, and are intended for informational purposes only. They are not necessarily indicative of the financial results that would have occurred if the transactions described herein had taken place on the dates indicated, nor are they indicative of the future consolidated results of the combined entity.

The Partnership's non-generally accepted accounting principles, or non-GAAP, financial measures of gross operating margin and Adjusted EBITDA are presented in the summary historical and pro forma financial information. Please read "Non-GAAP Financial Measures," which provides the necessary explanations and reconciliations for these non-GAAP financial measures.

For information regarding the effect of the merger on pro forma distributions to Holdings unitholders, please read "Comparative Per Unit Information."

**Table of Contents****Summary Historical and Pro Forma Financial and Operating Information of the Partnership**

	Partnership Consolidated Historical					Partnership	Pro Forma
	For the Year Ended December 31,			For the Six Months		For the	For the
	2007	2008	2009	2009	2010	Year	Six
						Ended	Months
						December 31,	Ended
						2009	June 30,
							2010
	(In millions, except per unit amounts)						
						(Unaudited)	(Unaudited)
<b>Income statement data:</b>							
Revenues	\$ 26,713.8	\$ 35,469.6	\$ 25,510.9	\$ 10,321.2	\$ 16,087.9	\$ 25,510.9	\$ 16,087.9
Costs and expenses	25,529.3	33,756.1	23,738.1	9,482.1	15,021.6	23,748.6	15,026.9
Equity in income of unconsolidated affiliates	10.5	34.9	51.2	17.0	32.7	92.3	37.6
Operating income	1,195.0	1,748.4	1,824.0	856.1	1,099.0	1,854.6	1,098.6
Other income (expense):							
Interest expense	(413.0)	(540.7)	(641.8)	(311.0)	(317.2)	(687.3)	(337.1)
Other, net	71.7	12.2	(1.8)	2.0	0.5	(1.7)	0.5
Total other expense, net	(341.3)	(528.5)	(643.6)	(309.0)	(316.7)	(689.0)	(336.6)
Income before provision for income taxes	853.7	1,219.9	1,180.4	547.1	782.3	1,165.6	762.0
Provision for income taxes	(15.7)	(31.0)	(25.3)	(19.1)	(15.2)	(25.3)	(15.2)
Net income	838.0	1,188.9	1,155.1	528.0	767.1	1,140.3	746.8
Net income attributable to noncontrolling interests	(304.4)	(234.9)	(124.2)	(116.1)	(32.1)	(110.7)	(32.1)
Net income attributable to the Partnership	\$ 533.6	\$ 954.0	\$ 1,030.9	\$ 411.9	\$ 735.0	\$ 1,029.6	\$ 714.7

**Earnings per unit:**

Basic earnings per unit	\$ 0.95	\$ 1.84	\$ 1.73	\$ 0.73	\$ 0.97	\$ 1.60	\$ 0.91
Diluted earnings per unit	\$ 0.95	\$ 1.84	\$ 1.73	\$ 0.73	\$ 0.96	\$ 1.53	\$ 0.87
<b>Distributions to limited partners:</b>							
Per common unit (declared with respect to period)	\$ 1.9475	\$ 2.0750	\$ 2.1950	\$ 1.0825	\$ 1.1425	\$ 2.1950	\$ 1.1425
<b>Balance sheet data (at period end):</b>							
Total assets	\$ 22,515.5	\$ 24,211.6	\$ 26,151.6	\$ 25,545.4	\$ 28,289.5	n/a	\$ 29,740.1
Total long-term debt, including current maturities	8,771.1	11,637.9	11,346.4	12,139.5	12,671.5	n/a	13,766.3
Total equity	9,016.5	9,295.9	10,042.3	9,516.8	10,925.4	n/a	11,276.9
<b>Other financial data:</b>							
Net cash flows provided by operating activities	\$ 1,953.6	\$ 1,567.1	\$ 2,377.2	\$ 635.0	\$ 900.3	n/a	n/a
Cash used in investing activities	2,871.8	3,246.9	1,546.9	887.3	1,891.8	n/a	n/a
Cash provided by (used in) financing activities	946.3	1,690.7	(837.1)	261.5	1,431.2	n/a	n/a
Distributions received from unconsolidated affiliates	87.0	80.8	86.6	33.5	58.8	\$ 169.3	\$ 101.3
Total gross operating margin(1)	1,964.4	2,609.0	2,839.8	1,336.2	1,610.1	2,880.9	1,615.0
Adjusted EBITDA(1)	2,004.6	2,546.1	2,686.1	1,279.8	1,577.2	2,760.0	1,615.6

(1) Unaudited. Please read **Non-GAAP Financial Measures** below beginning on page 21 for a reconciliation of non-GAAP total gross operating margin and Adjusted EBITDA to their most closely-related GAAP measures.

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	<b>Partnership Consolidated Historical</b>				
	<b>For the Year Ended</b>			<b>For the Six Months</b>	
	<b>December 31,</b>			<b>Ended June 30,</b>	
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>
<b>Selected volumetric operating data by segment:</b>					
NGL Pipelines & Services, net:					
NGL transportation volumes (MBPD)	1,877	2,021	2,196	2,057	2,217
NGL fractionation volumes (MBPD)	405	441	461	450	468
Equity NGL production (MBPD)	88	108	117	116	124
Fee-based natural gas processing (MMcf/d)	2,565	2,524	2,650	2,908	2,833
Onshore Natural Gas Pipelines & Services, net:					
Natural gas transportation volumes (BBtus/d)	8,465	9,612	10,435	10,506	11,300
Onshore Crude Oil Pipelines & Services, net:					
Crude oil transportation volumes (BBtus/d)	652	696	680	698	675
Offshore Pipelines & Services, net:					
Natural gas transportation volumes (BBtus/d)	1,641	1,408	1,420	1,501	1,359
Crude oil transportation volumes (MBPD)	163	169	308	219	338
Platform natural gas processing (MMcf/d)	494	632	700	765	600
Platform crude oil processing (MBPD)	24	15	12	6	18
Petrochemical Services, net:					
Butane isomerization volumes (MBPD)	90	86	97	95	86
Propylene fractionation volumes (MBPD)	68	58	68	67	79
Octane additive production volumes (MBPD)	9	9	10	7	12
Transportation volumes, primarily refined products and petrochemicals (MBPD)	882	818	806	814	795

/d = per day

BBtus = billion British thermal units

MBPD = thousand barrels per day

MMcf = million cubic feet

**Table of Contents****Summary Historical Financial Information of Holdings**

	<b>Holdings Consolidated Historical</b>				
	<b>For the Year Ended December 31,</b>			<b>For the Six Months</b>	
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>
	<b>(Unaudited)</b>				
	<b>(In millions, except per unit amounts)</b>				
<b>Income statement data:</b>					
Revenues	\$ 26,713.8	\$ 35,469.6	\$ 25,510.9	\$ 10,321.2	\$ 16,087.9
Costs and expenses	25,534.0	33,763.7	23,748.6	9,488.8	15,026.9
Equity in income of unconsolidated affiliates	13.6	66.2	92.3	43.6	37.6
Operating income	1,193.4	1,772.1	1,854.6	876.0	1,098.6
Other income (expense):					
Interest expense	(487.4)	(608.3)	(687.3)	(337.3)	(337.1)
Other, net	71.8	12.3	(1.7)	2.1	0.5
Total other expense, net	(415.6)	(596.0)	(689.0)	(335.2)	(336.6)
Income before provision for income taxes	777.8	1,176.1	1,165.6	540.8	762.0
Provision for income taxes	(15.8)	(31.0)	(25.3)	(19.1)	(15.2)
Net income	762.0	1,145.1	1,140.3	521.7	746.8
Net income attributable to noncontrolling interests	(653.0)	(981.1)	(936.2)	(419.7)	(622.8)
Net income attributable to Holdings	\$ 109.0	\$ 164.0	\$ 204.1	\$ 102.0	\$ 124.0
<b>Earnings per unit:</b>					
Basic earnings per unit	\$ 0.97	\$ 1.33	\$ 1.48	\$ 0.75	\$ 0.89
Diluted earnings per unit	\$ 0.97	\$ 1.33	\$ 1.48	\$ 0.75	\$ 0.89
<b>Distributions to limited partners:</b>					
Per unit (declared with respect to period)	\$ 1.550	\$ 1.790	\$ 2.030	\$ 0.985	\$ 1.105
<b>Balance sheet data (at period end):</b>					
Total assets	\$ 24,084.4	\$ 25,780.4	\$ 27,686.3	\$ 27,109.2	\$ 29,786.8
Total long-term debt, including current maturities	9,861.2	12,714.9	12,427.9	13,208.0	13,766.3
Equity	9,530.0	9,759.4	10,473.1	9,984.3	11,300.9
<b>Other financial data:</b>					
	\$ 1,936.8	\$ 1,566.4	\$ 2,410.3	\$ 650.6	\$ 920.4

Net cash flows provided by operating activities

Cash used in investing activities	4,541.1	3,246.9	1,547.7	888.1	1,891.8
Cash provided by (used in) financing activities	2,622.5	1,695.9	(863.9)	253.0	1,412.5
Total cash distributions received	116.9	157.2	169.3	74.2	101.3
Total gross operating margin(1)	1,967.5	2,640.3	2,880.9	1,362.8	1,615.0

(1) Unaudited. Please read Non-GAAP Financial Measures below beginning on page 21 for a reconciliation of non-GAAP total gross operating margin to its most closely-related GAAP measures.



<b>Total segment gross operating margin</b>	\$ 1,964.4	\$ 2,609.0	\$ 2,839.8	\$ 1,336.2	\$ 1,610.1	\$ 2,880.9	\$ 1,615.0
Adjustments to reconcile total segment gross operating margin to operating income:							
Depreciation, amortization and accretion in operating costs and expenses	(647.9)	(725.4)	(809.3)	(396.9)	(439.4)	(809.3)	(439.4)
Non-cash asset impairment charges in operating costs and expenses			(33.5)	(2.3)	(1.5)	(33.5)	(1.5)
Operating lease expenses paid by EPCO	(2.1)	(2.0)	(0.7)	(0.3)	(0.3)	(0.7)	(0.3)
Gains from asset sales and related transactions in operating costs and expenses	7.8	4.0		0.4	5.6		5.6
General and administrative costs	(127.2)	(137.2)	(172.3)	(81.0)	(75.5)	(182.8)	(80.8)
<b>Operating income</b>	1,195.0	1,748.4	1,824.0	856.1	1,099.0	1,854.6	1,098.6
Other expense, net	(341.3)	(528.5)	(643.6)	(309.0)	(316.7)	(689.0)	(336.6)
<b>Income before provision of income taxes</b>	\$ 853.7	\$ 1,219.9	\$ 1,180.4	\$ 547.1	\$ 782.3	\$ 1,165.6	\$ 762.0



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The following table presents a reconciliation of Holdings' non-GAAP financial measure of total gross operating margin to the GAAP financial measure of operating income, on a historical basis, for each of the periods indicated:

	<b>Holdings Consolidated Historical</b>				
	<b>For the Year Ended December 31,</b>			<b>For the Six Months</b>	
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>
	<b>(In millions)</b>				
	<b>(Unaudited)</b>				
<b>Total segment gross operating margin</b>	\$ 1,967.5	\$ 2,640.3	\$ 2,880.9	\$ 1,362.8	\$ 1,615.0
Adjustments to reconcile total segment gross operating margin to operating income:					
Depreciation, amortization and accretion in operating costs and expenses	(647.9)	(725.4)	(809.3)	(396.9)	(439.4)
Non-cash asset impairment charges in operating costs and expenses			(33.5)	(2.3)	(1.5)
Operating lease expenses paid by EPCO	(2.1)	(2.0)	(0.7)	(0.3)	(0.3)
Gains from asset sales and related transactions in operating costs and expenses	7.8	4.0		0.4	5.6
General and administrative costs	(131.9)	(144.8)	(182.8)	(87.7)	(80.8)
<b>Operating income</b>	1,193.4	1,772.1	1,854.6	876.0	1,098.6
Other expense, net	(415.6)	(596.0)	(689.0)	(335.2)	(336.6)
<b>Income before provision of income taxes</b>	\$ 777.8	\$ 1,176.1	\$ 1,165.6	\$ 540.8	\$ 762.0

**Adjusted EBITDA of the Partnership**

The Partnership defines Adjusted EBITDA as income from continuing operations less equity in income from unconsolidated affiliates; plus distributions received from unconsolidated affiliates, interest expense, provision for income taxes and depreciation, amortization and accretion expense. The GAAP measure most directly comparable to Adjusted EBITDA is net cash flows provided by operating activities. Adjusted EBITDA is commonly used as a supplemental financial measure by management and by external users of the Partnership's financial statements, such as investors, commercial banks, research analysts and rating agencies, to assess:

the financial performance of the Partnership's assets without regard to financing methods, capital structures or historical cost basis;

the ability of the Partnership's assets to generate cash sufficient to pay interest cost and support our indebtedness; and

the viability of projects and the overall rates of return on alternative investment opportunities.

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The following table presents the Partnership's calculation of Adjusted EBITDA on a historical and pro forma basis and also a reconciliation of the Partnership's non-GAAP financial measure of Adjusted EBITDA to the GAAP financial measure of net cash flows provided by operating activities on a historical basis.

	Partnership Consolidated Historical					Partnership Pro Forma	
	For the Year Ended December 31,			For the Six Months		For the Year	For the Six Months
	2007	2008	2009	Ended June 30, 2009	Ended June 30, 2010	Ended December 31, 2009	Ended June 30, 2010
	(In millions)						
<b>Net income</b>	\$ 838.0	\$ 1,188.9	\$ 1,155.1	\$ 528.0	\$ 767.1	\$ 1,140.3	\$ 746.8
<i>Adjustments to GAAP net income to derive non-GAAP Adjusted EBITDA:</i>							
Equity in income of unconsolidated affiliates	(10.5)	(34.9)	(51.2)	(17.0)	(32.7)	(92.3)	(37.6)
Distributions received from unconsolidated affiliates	87.0	80.8	86.6	33.5	58.8	169.3	101.3
Interest expense (including related amortization)	413.0	540.7	641.8	311.0	317.2	687.3	337.1
Provision for income taxes	15.7	31.0	25.3	19.1	15.2	25.3	15.2
Depreciation, amortization and accretion in costs and expenses	661.4	739.6	828.5	405.2	451.6	830.1	452.8
<b>Adjusted EBITDA</b>	\$ 2,004.6	\$ 2,546.1	\$ 2,686.1	\$ 1,279.8	\$ 1,577.2	\$ 2,760.0	\$ 1,615.6
<i>Adjustments to non-GAAP Adjusted EBITDA to derive GAAP net cash flows provided by operating activities:</i>							
Interest expense	(413.0)	(540.7)	(641.8)	(311.0)	(317.2)		
Provision for income taxes	(15.7)	(31.0)	(25.3)	(19.1)	(15.2)		

Operating lease expenses paid by EPCO	2.1	2.0	0.7	0.3	0.3
Gain from asset sales and related transactions	(67.4)	(4.0)		(0.4)	(5.7)
Loss on forfeiture of Texas Offshore Port System			68.4	68.4	
Miscellaneous non-cash and other amounts to reconcile Adjusted EBITDA and net cash flows provided by operating activities	8.1	5.8	43.2	(5.5)	(2.6)
Net effect of changes in operating accounts	434.9	(411.1)	245.9	(377.5)	(336.5)
<b>Net cash flows provided by operating activities</b>	<b>\$ 1,953.6</b>	<b>\$ 1,567.1</b>	<b>\$ 2,377.2</b>	<b>\$ 635.0</b>	<b>\$ 900.3</b>

**Table of Contents****COMPARATIVE PER UNIT INFORMATION**

The following table sets forth (i) historical per unit information of the Partnership, (ii) the unaudited pro forma combined per unit information of the Partnership after giving pro forma effect to the proposed merger and the transactions contemplated thereby, including the Partnership's issuance of 1.50 Partnership common units for each outstanding Holdings unit, and (iii) the historical and equivalent pro forma per unit information for Holdings.

You should read this information in conjunction with (i) the summary historical financial information included elsewhere in this proxy statement/prospectus, (ii) the historical consolidated financial statements of Holdings and the Partnership and related notes that are incorporated by reference in this proxy statement/prospectus and (iii) the Unaudited Pro Forma Condensed Consolidated Financial Statements and related notes included elsewhere in this proxy statement/prospectus. The unaudited pro forma combined per unit information does not purport to represent what the actual results of operations of Holdings and the Partnership would have been had the partnerships been combined or to project Holdings and the Partnership's results of operations that may be achieved once the proposed merger is completed.

	<b>Year Ended December 31, 2009</b>			
	<b>Partnership</b>		<b>Holdings</b>	
	<b>Partnership</b>		<b>Equivalent</b>	
	<b>Historical</b>	<b>Pro Forma(1)</b>	<b>Historical</b>	<b>Pro Forma(2)</b>
Net income per limited partner unit:				
Basic	\$ 1.73	\$ 1.60	\$ 1.48	\$ 2.40
Diluted	\$ 1.73	\$ 1.53	\$ 1.48	\$ 2.30
Cash distributions declared per unit(3)	\$ 2.1950	\$ 2.1950	\$ 2.0300	\$ 3.2925
Book value per common unit	\$ 15.28	N/A	\$ 14.17	N/A

	<b>Six Months Ended June 30, 2010</b>			
	<b>Partnership</b>		<b>Holdings</b>	
	<b>Partnership</b>		<b>Equivalent</b>	
	<b>Historical</b>	<b>Pro Forma(1)</b>	<b>Historical</b>	<b>Pro Forma(2)</b>
Net income per limited partner unit:				
Basic	\$ 0.97	\$ 0.91	\$ 0.89	\$ 1.37
Diluted	\$ 0.96	\$ 0.87	\$ 0.89	\$ 1.31
Cash distributions declared per unit(3)	\$ 1.1425	\$ 1.1425	\$ 1.1050	\$ 1.7138
Book value per common unit	\$ 15.94	\$ 12.97	\$ 13.99	\$ 19.46

- (1) The Partnership's pro forma information includes the effect of the merger on the basis described in the notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements included elsewhere in this proxy statement/prospectus.
- (2) Holding's equivalent pro forma earnings, book value and cash distribution amounts have been calculated by multiplying the Partnership's related Partnership pro forma per unit amounts by the 1.50 exchange ratio.

(3) Represents cash distributions per common unit declared and paid with respect to the period.

**Table of Contents****MARKET PRICES AND DISTRIBUTION INFORMATION**

The Partnership common units are traded on the NYSE under the ticker symbol EPD, and the Holdings units are traded on the NYSE under the ticker symbol EPE. The following table sets forth, for the periods indicated, the range of high and low sales prices per unit for Partnership common units and Holdings units, on the NYSE composite tape, as well as information concerning quarterly cash distributions declared and paid on those units. The sales prices are as reported in published financial sources.

	Partnership Common Units			Holdings Units		
	High	Low	Distributions(1)	High	Low	Distributions(1)
<b>2008</b>						
First Quarter	\$ 32.63	\$ 26.75	\$ 0.5075	\$ 36.86	\$ 27.86	\$0.425
Second Quarter	\$ 32.64	\$ 29.04	\$ 0.5150	\$ 33.76	\$ 29.51	\$0.440
Third Quarter	\$ 30.07	\$ 22.58	\$ 0.5225	\$ 30.64	\$ 21.16	\$0.455
Fourth Quarter	\$ 26.30	\$ 16.00	\$ 0.5300	\$ 24.20	\$ 14.50	\$0.470
<b>2009</b>						
First Quarter	\$ 24.20	\$ 17.71	\$ 0.5375	\$ 23.94	\$ 17.67	\$0.485
Second Quarter	\$ 26.55	\$ 21.10	\$ 0.5450	\$ 29.60	\$ 22.04	\$0.500
Third Quarter	\$ 29.45	\$ 24.50	\$ 0.5525	\$ 31.27	\$ 24.21	\$0.515
Fourth Quarter	\$ 32.24	\$ 27.25	\$ 0.5600	\$ 39.51	\$ 29.16	\$0.530
<b>2010</b>						
First Quarter	\$ 34.69	\$ 29.44	\$ 0.5675	\$ 45.19	\$ 36.20	\$0.545
Second Quarter	\$ 36.73	\$ 29.05	\$ 0.5750	\$ 49.62	\$ 38.70	\$0.560
Third Quarter	\$ 39.69	\$ 34.21	\$ 0.5825(2)	\$ 58.72	\$ 45.90	\$0.575(2)
Fourth Quarter (through October 13, 2010)	\$ 41.93	\$ 39.69	(2)	\$ 61.94	\$ 58.75	(2)

(1) Represents cash distributions per Partnership common unit or Holdings unit declared with respect to the quarter presented and paid in the following quarter.

(2) Cash distributions with respect to the third quarter of 2010 have been declared but not paid. Cash distributions with respect to the fourth quarter of 2010 have not been declared or paid. The merger will not be consummated until after the record date for the third quarter 2010 distributions.

The last reported sale price of Holdings units on the NYSE on September 3, 2010, the last trading day before the public announcement of the proposed merger, was \$49.90. The last reported sale price of Partnership common units on the NYSE on September 3, 2010, the last trading day before the public announcement of the proposed merger, was \$38.45. The last reported sale price of Holdings units on the NYSE on October 13, 2010, the last trading day before the filing of the registration statement of which this proxy statement/prospectus is a part, was \$61.65. The last reported sale price of Partnership common units on the NYSE on October 13, 2010, the last trading day before the filing of the registration statement of which this proxy statement/prospectus is a part, was \$41.55.

As of October 13, 2010, the Partnership had 639,280,225 common units and 4,520,431 Class B units outstanding held by approximately 1,853 holders of record. The Partnership's partnership agreement requires it to distribute all of its

available cash, as defined in its partnership agreement, within 45 days after the end of each quarter. The payment of quarterly cash distributions by the Partnership in the future, therefore, will depend on the amount of available cash at the end of each quarter.

As of the record date for the special meeting, Holdings had 139,195,064 outstanding units held by approximately 103 holders of record. Holdings' partnership agreement requires it to distribute all of its available cash, as defined in its partnership agreement, within 50 days after the end of each quarter. If the merger is not completed, the payment of quarterly cash distributions by Holdings in the future will depend on the amount of available cash at the end of each quarter.

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**RISK FACTORS**

*You should consider carefully the following risk factors, together with all of the other information included in, or incorporated by reference into, this proxy statement/prospectus before deciding how to vote. In particular, please read Part I, Item 1A, Risk Factors, in the Annual Reports on Form 10-K for the year ended December 31, 2009 for each of the Partnership and Holdings and Part II, Item 1A, Risk Factors, in the Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2010 and June 30, 2010 for each of the Partnership and Holdings, in each case incorporated by reference herein. This document also contains forward-looking statements that involve risks and uncertainties. Please read Information Regarding Forward-Looking Statements.*

**Risks Related to the Merger**

***Holdings partnership agreement limits the fiduciary duties of Holdings GP to unitholders and restricts the remedies available to unitholders for actions taken by Holdings GP that might otherwise constitute breaches of fiduciary duty.***

In light of conflicts of interest in connection with the merger between the Partnership, Holdings GP and its controlling affiliates, on the one hand, and Holdings and the Holdings unaffiliated unitholders, on the other hand, the Holdings Board referred the merger and related matters to the Holdings ACG Committee to obtain approval of a majority of its members, which is referred to as Special Approval in Holdings partnership agreement. Under the Holdings partnership agreement:

any conflict of interest and any resolution thereof is permitted and deemed approved by all parties and will not constitute a breach of the partnership agreement of Holdings if approved by Special Approval; and

the actions taken by the Holdings ACG Committee in granting Special Approval are conclusive and binding on all persons (including all partners) and do not constitute a breach of the partnership agreement or any standard of care or duty imposed by law.

***The directors and executive officers of Holdings GP may have interests relating to the merger that differ in certain respects from the interests of the Holdings unaffiliated unitholders.***

In considering the recommendations of the Holdings ACG Committee and the Holdings Board to approve the merger agreement and the merger, you should consider that some of the directors and executive officers of Holdings GP may have interests that differ from, or are in addition to, interests of Holdings unitholders generally, including:

The non-management directors of Holdings GP hold equity-based awards under Holdings benefit plans that will generally be converted into equity awards with respect to Partnership common units, adjusted for the exchange ratio.

All of the directors and executive officers of Holdings GP will receive continued indemnification for their actions as directors and executive officers.

Most of the directors of Holdings GP directly or beneficially own Partnership common units, including Ms. Williams, Dr. Cunningham, Mr. Bachmann, Mr. Andress, Mr. Andras and Mr. Smith.



In addition to serving as a director and Executive Vice President of Holdings GP, Mr. Bachmann also serves as the Executive Vice President, Chief Legal Officer and Secretary of the Partnership GP, and has certain duties to the limited partners of the Partnership.

Three of the directors of Holdings GP, Ms. Williams, Mr. Bachmann and Dr. Cunningham (who is also CEO of Holdings GP), also serve as both the DDLLC voting trustees and the EPCO voting trustees. These three individuals also serve as independent executors of the estate of Dan L. Duncan. Through these positions, these persons effectively own or control approximately 76% of the outstanding Holdings units and approximately 28% of the outstanding Partnership common units and Class B units,

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collectively, which securities represented an aggregate fair market value of approximately \$5.3 billion and \$7.0 billion, respectively, based on the closing prices of the Holdings units and Partnership common units on September 3, 2010, the last trading day before announcement of the merger. In their capacities as trustees of those voting trusts or as a majority of the directors of certain affiliated entities, Ms. Williams, Mr. Bachmann and Dr. Cunningham have authorized or caused the Holdings supporting unitholders to enter into the support agreement, pursuant to which the Holdings supporting unitholders have agreed to vote approximately 76% of the outstanding Holdings units in favor of the merger agreement and the merger.

Members of senior management who prepared projections with respect to the Partnership's and Holdings' future financial and operating performance on a stand-alone basis and on a combined basis (i) are officers of each of Holdings GP and the Partnership GP, (ii) hold the same positions in each entity, and (iii) own both Holdings units and Partnership common units.

***The exchange ratio is fixed and the market value of the merger consideration to Holdings unitholders will be equal to 1.50 times the price of Partnership common units at the closing of the merger, which market value will decrease if the market value of the Partnership's common units decreases.***

The market value of the consideration that Holdings unitholders will receive in the merger will depend on the trading price of the Partnership's common units at the closing of the merger. The 1.50x exchange ratio that determines the number of Partnership common units that Holdings unitholders will receive in the merger is fixed. This means that there is no price protection mechanism contained in the merger agreement that would adjust the number of Partnership common units that Holdings unitholders will receive based on any decreases in the trading price of Partnership common units. If the Partnership's common unit price at the closing of the merger is less than the Partnership's common unit price on the date that the merger agreement was signed, then the market value of the consideration received by Holdings unitholders will be less than contemplated at the time the merger agreement was signed.

Partnership common unit price changes may result from a variety of factors, including general market and economic conditions, changes in the Partnership's business, operations and prospects, and regulatory considerations. Many of these factors are beyond the Partnership's and Holdings' control. For historical and current market prices of Partnership common units and Holdings units, please read the Market Prices and Distribution Information section of this proxy statement/prospectus.

***The transactions contemplated by the merger agreement may not be consummated even if Holdings unitholders approve the merger agreement and the merger.***

The merger agreement contains conditions that, if not satisfied or waived, would result in the merger not occurring, even though Holdings unitholders may have voted in favor of the merger agreement. In addition, Holdings and the Partnership can agree not to consummate the merger even if Holdings unitholders approve the merger agreement and the merger and the conditions to the closing of the merger are otherwise satisfied.

***Financial projections by the Partnership and Holdings may not prove accurate.***

In performing its financial analyses and rendering its opinion regarding the fairness from a financial point of view of the exchange ratio, the financial advisor to the Holdings ACG Committee reviewed and relied on, among other things, internal financial analyses and forecasts for Holdings and the Partnership prepared by their respective managements and by the Partnership's financial advisor in conjunction with management of the Partnership GP and Holdings GP. These financial projections include assumptions regarding future operating cash flows, expenditures, growth and distributable income of the Partnership and Holdings. These financial projections were not provided with a view to public disclosure, are subject to significant economic, competitive, industry and other uncertainties and may not be

achieved in full, at all or within projected timeframes. The failure of the Partnership's or Holdings' businesses to achieve projected results, including projected cash flows or distributable cash flows, could have a material adverse effect on the Partnership's common unit price, financial position and ability to maintain or increase its distributions following the merger.

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***The merger agreement may be terminated, and the support agreement will automatically terminate, on December 31, 2010 if the merger has not been completed, and the failure to complete the merger for any reason could negatively impact the price of Holdings units and Partnership common units.***

The merger agreement can be terminated by either the Partnership or Holdings if the merger has not been consummated on or before December 31, 2010. In addition, the support agreement will terminate at 11:59 pm (Eastern time) on December 31, 2010, and the obligations of the EPCO affiliates who will be party to the distribution waiver agreement to execute and deliver such agreement will also terminate if the merger has not been consummated on or before December 31, 2010. The failure to complete the merger for these or any other reasons could negatively impact the price of Holdings units and/or Partnership common units.

***The number of outstanding Partnership common units will increase as a result of the merger, which could make it more difficult to maintain the Partnership's current positive distribution coverage ratio or increase the level of future quarterly distributions.***

As of October 13, 2010, there were 639,280,225 Partnership common units and 4,520,431 Class B units of the Partnership outstanding. The Partnership will issue 208,813,477 Partnership common units in the merger. Even after taking into account both the waiver by DFIDH of regular quarterly distributions with respect to certain Partnership common units for a five-year period after the merger closing date pursuant to the distribution waiver agreement, and distributions no longer being payable to the Partnership's general partner with respect to its general partner interest and IDR's, incremental funds will be required to pay the current per unit quarterly distributions on all outstanding Partnership common units, which will increase the potential that the Partnership would have diminishing excess distributable cash flow. In that event, it will be more difficult for the Partnership to maintain its current positive distribution coverage ratio or increase future levels of quarterly distributions to all Partnership unitholders.

***While the merger agreement is in effect, Holdings may lose opportunities to enter into different business combination transactions with other parties on more favorable terms, and both the Partnership and Holdings may be limited in their ability to pursue other attractive business opportunities.***

While the merger agreement is in effect, Holdings is prohibited from initiating, soliciting, knowingly encouraging or facilitating any inquiries or the making or submission of any proposal that constitutes or may reasonably be expected to lead to a proposal to acquire Holdings, or offering to enter into certain transactions such as a merger, sale of assets or other business combination, with any other person, subject to limited exceptions. As a result of these provisions in the merger agreement, Holdings may lose opportunities to enter into more favorable transactions.

Both the Partnership and Holdings have also agreed to refrain from taking certain actions with respect to their businesses and financial affairs pending completion of the merger or termination of the merger agreement. These restrictions and the non-solicitation provisions (described in more detail below in *The Merger Agreement*) could be in effect for an extended period of time if completion of the merger is delayed and the parties agree to extend the December 31, 2010 outside termination date.

In addition to the economic costs associated with pursuing a merger, each of the Partnership GP's and Holdings GP's management is devoting substantial time and other resources to the proposed transaction and related matters, which could limit the Partnership's and Holdings' ability to pursue other attractive business opportunities, including potential joint ventures, stand-alone projects and other transactions. If either the Partnership or Holdings is unable to pursue such other attractive business opportunities, then its growth prospects and the long-term strategic position of its business and the combined business could be adversely affected.

## **Tax Risks Related to the Merger**

In addition to reading the following risk factors, you are urged to read Material U.S. Federal Income Tax Consequences of the Merger beginning on page 132 and U.S. Federal Income Taxation of Ownership of Partnership Common Units beginning on page 137 for a more complete discussion of the expected material

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U.S. federal income tax consequences of the merger and owning and disposing of Partnership common units received in the merger.

***No ruling has been obtained with respect to the U.S. federal income tax consequences of the merger.***

No ruling has been or will be requested from the IRS with respect to the U.S. federal income tax consequences of the merger. Instead, the Partnership and Holdings are relying on the opinions of their respective counsel as to the U.S. federal income tax consequences of the merger, and counsel's conclusions may not be sustained if challenged by the IRS.

***The intended U.S. federal income tax consequences of the merger are dependent upon each of the Partnership and Holdings being treated as a partnership for U.S. federal income tax purposes.***

The treatment of the merger as nontaxable to the Partnership unitholders and Holdings unitholders is dependent upon each of the Partnership and Holdings being treated as a partnership for U.S. federal income tax purposes. If either the Partnership or Holdings were treated as a corporation for U.S. federal income tax purposes, the consequences of the merger would be materially different and the merger would likely be a fully taxable transaction to a Holdings unitholder.

***The U.S. federal income tax treatment of the merger is subject to potential legislative change and differing judicial or administrative interpretations.***

The U.S. federal income tax consequences of the merger depend in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law. The U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to U.S. Treasury regulations (the Treasury Regulations) and other modifications and interpretations. Any modification to the U.S. federal income tax laws or interpretations thereof may or may not be applied retroactively and could change the U.S. federal income tax treatment of the merger to Partnership unitholders and Holdings unitholders. For example, the U.S. House of Representatives has passed legislation relating to the taxation of carried interests that may treat transactions, such as the merger, occurring on or after an effective date of January 1, 2011, as a taxable exchange to a unitholder of a partnership such as Holdings. The U.S. Senate is considering legislation that may have a similar effect. We are unable to predict whether this proposed legislation or any other proposals will ultimately be enacted, and if so, whether any such proposed legislation would be applied retroactively.

***Holdings unitholders could recognize taxable income or gain for U.S. federal income tax purposes as a result of the merger.***

As a result of the merger, Holdings unitholders who receive Partnership common units will become limited partners of the Partnership and will be allocated a share of the Partnership's nonrecourse liabilities. Each Holdings unitholder will be treated as receiving a deemed cash distribution equal to the excess, if any, of such unitholder's share of nonrecourse liabilities of Holdings immediately before the merger over such unitholder's share of nonrecourse liabilities of the Partnership immediately following the merger. If the amount of any deemed cash distribution received by a Holdings unitholder exceeds the unitholder's basis in his Partnership common units, such unitholder will recognize gain in an amount equal to such excess. The Partnership and Holdings do not expect any Holdings unitholders to recognize gain in this manner.

To the extent a Holdings unitholder receives cash in lieu of fractional Partnership common units in the merger, such unitholder will recognize gain or loss equal to the difference between the cash received and the unitholder's adjusted

tax basis allocated to such fractional Partnership common units.

The Partnership will be deemed for U.S. federal income tax purposes to have assumed the liabilities of Holdings and its subsidiaries in the merger. A Holdings unitholder would recognize gain or loss to the extent any portion of the liabilities of Holdings assumed by the Partnership was deemed to be the proceeds of a

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disguised sale of assets to the Partnership. See Material U.S. Federal Income Tax Consequences of the Merger for a more complete discussion of these and other tax matters.

Although it is not anticipated, circumstances may exist under which a Holdings unitholder's share of Holding's basis (including basis resulting from Section 743 adjustments) in the distributed Partnership common units exceeds the unitholder's basis in its Holdings units, in which case the merger may result in recognition of gain by such unitholder equal to that excess under Section 731(c) of the Internal Revenue Code.

## **Risks Related to the Partnership's Business After the Merger**

### ***The Partnership's cash distributions may vary based on its operating performance and level of cash reserves.***

Distributions will be dependent on the amount of cash the Partnership generates and may fluctuate based on its performance. Neither the Partnership nor Holdings can guarantee that after giving effect to the merger the Partnership will continue to pay distributions at the current level each quarter or make any increases in the amount of distributions in the future. The actual amount of cash that is available to be distributed each quarter will depend upon numerous factors, some of which will be beyond the Partnership's control and the control of its general partner. These factors include but are not limited to the following:

the volume of products that the Partnership handles and the prices it receives for its products and services;

the level of the Partnership's operating costs;

the level of competition from third parties;

prevailing economic conditions, including the price of and demand for NGLs, crude oil, natural gas and other products the Partnership will process, transport, store and market;

the level of capital expenditures the Partnership will make and the availability of, and timing of completion of, organic growth projects;

the restrictions contained in the Partnership's debt agreements and debt service requirements;

fluctuations in the Partnership's working capital needs;

the weather in the Partnership's operating areas;

the availability and cost of acquisitions, if any;

regulatory changes; and

the amount, if any, of cash reserves established by the Partnership GP (or Holdings GP after giving effect to the merger) in its discretion.

In addition, the Partnership's ability to pay the minimum quarterly distribution each quarter will depend primarily on its cash flow, including cash flow from financial reserves and working capital borrowings, and not solely on profitability, which is affected by non-cash items. As a result, the Partnership may make cash distributions during periods when it records losses, and the Partnership may not make distributions during periods when it records net income.



***The Partnership will have substantial debt after the merger, which could have a material adverse effect on its financial health and limit its future operations.***

Following the completion of the merger, the Partnership expects to incur an additional \$1.1 billion of consolidated debt as part of its refinancing of Holdings' revolving credit facility and term loans. On a pro forma basis, the Partnership's consolidated long-term debt as of June 30, 2010 would have been approximately

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\$13.8 billion. The amount of the Partnership's future debt could have significant effects on its operations, including, among other things:

the Partnership's ability to obtain additional financing, if necessary, to refinance existing debt for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

credit rating agencies may view the Partnership's debt level negatively;

covenants contained in the Partnership's credit and certain other debt agreements will require the Partnership to continue to meet financial tests that may adversely affect its flexibility in planning for and reacting to changes in its business, including possible acquisition opportunities;

the Partnership may be at a competitive disadvantage relative to similar companies that have less debt; and

the Partnership may be more vulnerable to adverse economic and industry conditions as a result of the Partnership's significant debt level.

The Partnership's public debt indentures currently do not limit the amount of future indebtedness that it can create, incur, assume or guarantee. Although the Multi-Year Revolving Credit Facility of Enterprise Products Operating LLC (EPO) restricts the Partnership's ability to incur additional debt above certain levels, any debt the Partnership may incur in compliance with these restrictions could be substantial.

EPO's Multi-Year Revolving Credit Facility and each of its indentures for public debt contain customary financial covenants and other restrictions. As a result, the Partnership could be prohibited from making distributions to its partners if such distributions would cause an event of default or otherwise violate a covenant under such agreements. In addition, under the terms of EPO's junior subordinated notes, generally, if the Partnership elects to defer interest payments thereon, the Partnership would be restricted from making distributions with respect to its equity securities. A breach of any of these restrictions by the Partnership could permit the Partnership's lenders or noteholders, as applicable, to declare all amounts outstanding under these debt agreements to be immediately due and payable and, in the case of EPO's Multi-Year Revolving Credit Facility, to terminate all commitments to extend further credit.

The Partnership's ability to access capital on favorable terms could be affected by the Partnership's debt level, the timing of its debt maturities, and by prevailing market conditions. Moreover, if the rating agencies were to downgrade the Partnership's credit ratings, then the Partnership could experience an increase in its borrowing costs, difficulty accessing capital markets or a reduction in the market price of its common units. Such a development could adversely affect the Partnership's ability to obtain financing for working capital, capital expenditures or acquisitions or to refinance existing indebtedness. If the Partnership is unable to access the capital markets on favorable terms in the future, it might be forced to seek extensions for some of its short-term securities or to refinance some of the Partnership's debt obligations through bank credit, as opposed to long-term public debt securities or equity securities. The price and terms upon which the Partnership might receive such extensions or additional bank credit, if at all, could be more onerous than those contained in existing debt agreements. Any such arrangements could, in turn, increase the risk that the Partnership's leverage may adversely affect its future financial and operating flexibility and thereby impact the Partnership's ability to pay cash distributions at expected levels.

***The Partnership's and Holdings' variable rate debt and future maturities of fixed-rate, long-term debt make the Partnership vulnerable to increases in interest rates. Increases in interest rates could materially adversely affect the Partnership's business, financial position, results of operations and cash flows.***

On a pro forma basis, the Partnership would have had outstanding \$13.8 billion of consolidated debt (excluding the value of interest rate swaps and currency swaps) as of June 30, 2010. Of this amount, approximately \$1.5 billion, or 11%, was subject to variable interest rates, either as short-term or long-term variable rate debt obligations or as long-term fixed-rate debt converted to variable rates through the use of interest rate swaps. Should interest rates increase, the Partnership's refinancing cost would increase and the

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amount of cash required to service the Partnership's debt would increase. As a result, the Partnership's financial position, results of operations and cash flows, could be materially adversely affected.

An increase in interest rates may also cause a corresponding decline in demand for equity investments, in general, and in particular, for yield-based equity investments such as the Partnership's common units. Any such reduction in demand for the Partnership's common units resulting from other more attractive investment opportunities may cause the trading price of the Partnership's common units to decline.

**Risks Related to the Partnership's Common Units and Risks Resulting from its Partnership Structure**

*The general partner of the Partnership and its affiliates have limited fiduciary responsibilities to, and have conflicts of interest with respect to, the Partnership, which may permit the general partner of the Partnership to favor its own interests to your detriment.*

The directors and officers of the general partner of the Partnership and its affiliates have duties to manage the general partner of the Partnership in a manner that is beneficial to its member. At the same time, the general partner of the Partnership has duties to manage the Partnership in a manner that is beneficial to the Partnership. Therefore, the duties of the general partner to the Partnership may conflict with the duties of its officers and directors to its member. Such conflicts may include, among others, the following:

neither the Partnership's partnership agreement nor any other agreement requires the general partner of the Partnership or EPCO to pursue a business strategy that favors the Partnership;

decisions of the general partner of the Partnership regarding the amount and timing of asset purchases and sales, cash expenditures, borrowings, issuances of additional units and reserves in any quarter may affect the level of cash available to pay quarterly distributions to unitholders and the general partner of the Partnership;

under the Partnership's partnership agreement, the general partner of the Partnership determines which costs incurred by it and its affiliates are reimbursable by the Partnership;

the general partner of the Partnership is allowed to resolve any conflicts of interest involving the Partnership and the general partner of the Partnership and its affiliates;

the general partner of the Partnership is allowed to take into account the interests of parties other than the Partnership, such as EPCO, in resolving conflicts of interest, which has the effect of limiting its fiduciary duty to the Partnership's unitholders;

any resolution of a conflict of interest by the general partner of the Partnership not made in bad faith and that is fair and reasonable to the Partnership shall be binding on the partners and shall not be a breach of the Partnership's partnership agreement;

affiliates of the general partner of the Partnership may compete with the Partnership in certain circumstances;

the general partner of the Partnership has limited its liability and reduced its fiduciary duties and has also restricted the remedies available to the Partnership's unitholders for actions that might, without the limitations, constitute breaches of fiduciary duty. As a result of acquiring Partnership common units, you are deemed to consent to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable law;

the Partnership does not have any employees and relies solely on employees of EPCO and its affiliates; in some instances, the general partner of the Partnership may cause the Partnership to borrow funds in order to permit the payment of distributions;

the Partnership's partnership agreement does not restrict the general partner of the Partnership from causing the Partnership to pay it or its affiliates for any services rendered to the Partnership or entering into additional contractual arrangements with any of these entities on the Partnership's behalf;

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the general partner of the Partnership intends to limit its liability regarding the Partnership's contractual and other obligations and, in some circumstances, may be entitled to be indemnified by the Partnership;

the general partner of the Partnership controls the enforcement of obligations it owes to the Partnership and other affiliates of EPCO;

the general partner of the Partnership decides whether to retain separate counsel, accountants or others to perform services for the Partnership; and

the Partnership has significant business relationships with entities controlled by the DDLIC voting trustees and the EPCO voting trustees, including EPCO. For detailed information on these relationships and related transactions with these entities, please see Item 13 ( Certain Relationships and Related Transactions, and Director Independence ) of the Partnership's Annual Report on Form 10-K for the year ended December 31, 2009 and Note 13 ( Related Party Transactions ) to the Unaudited Condensed Consolidated Financial Statements included in Item 1 of the Partnership's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010.

***The general partner of the Partnership has a limited call right that may require common unitholders to sell their common units at an undesirable time or price.***

If at any time the general partner of the Partnership and its affiliates own 85% or more of the Partnership common units then outstanding, the general partner of the Partnership will have the right, but not the obligation, which it may assign to any of its affiliates or to the Partnership, to acquire all, but not less than all, of the remaining Partnership common units held by unaffiliated persons at a price not less than then current market price. As a result, common unitholders may be required to sell their Partnership common units at an undesirable time or price and may therefore not receive any return on their investment. They may also incur a tax liability upon a sale of their units.

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**THE SPECIAL UNITHOLDER MEETING**

*Time, Place and Date.* The special meeting of Holdings unitholders will be held on November 22, 2010 at 8:00 a.m., local time at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002. The meeting may be adjourned or postponed by Holdings GP to another date or place for proper purposes, including for the purpose of soliciting additional proxies.

*Purposes.* The purposes of the special meeting are:

to consider and vote on the approval of the merger agreement and the merger; and

to transact other business as may properly be presented at the meeting or any adjournment or postponement of the meeting.

At the present time, Holdings knows of no other matters that will be presented for consideration at the meeting.

*Quorum.* A quorum requires the presence, in person or by proxy, of holders of a majority of the outstanding Holdings units. Holdings units will be counted as present at the special meeting if the holder is present and votes in person at the meeting or has submitted a properly executed proxy card. Proxies received but marked as abstentions will be counted as units that are present and entitled to vote for purposes of determining the presence of a quorum. If an executed proxy is returned by a broker or other nominee holding units in street name indicating that the broker does not have discretionary authority as to certain units to vote on the proposals, such units will be considered present at the meeting for purposes of determining the presence of a quorum but will not be considered entitled to vote.

*Record Date.* The Holdings unitholder record date for the special meeting is the opening of business on October 13, 2010.

*Units Entitled to Vote.* Holdings unitholders may vote at the special meeting if they owned Holdings units at the opening of business on the record date. Holdings unitholders may cast one vote for each Holdings unit owned on the record date.

*Votes Required.* Under Holdings partnership agreement, the affirmative vote of the holders of at least a majority of Holdings outstanding units is required to approve the merger agreement and merger. Failures to vote, abstentions and broker non-votes will have the same effect as a vote against the approval of the merger agreement and the merger for purposes of the majority vote required under the Holdings partnership agreement.

Pursuant to a support agreement, the Holdings supporting unitholders have agreed to vote their Holdings units in favor of the proposal to approve the merger agreement and the merger. As a result of their ownership of approximately 76% of the outstanding Holdings units, the Holdings supporting unitholders have a sufficient number of Holdings units to constitute a quorum and to approve the merger agreement and the merger without the affirmative vote of any other holder of Holdings units. As a result of the support agreement, the approval of such proposal at the special meeting is assured unless the conditions of the support agreement are not met and the support agreement is terminated. As of the record date, directors and executive officers of Holdings GP and their affiliates (including the Holdings supporting unitholders) collectively had the right to vote 108,421,600 Holdings units, or approximately 77% of Holdings outstanding units.

*Units Outstanding.* As of the record date, there were 139,195,064 Holdings units outstanding.

**Voting Procedures**

*Voting by Holdings Unitholders.* Holdings unitholders may vote using any of the following methods:

complete, sign and mail your proxy card in the postage-paid envelope; or

attend the meeting and vote in person.

If you have timely and properly submitted your proxy, clearly indicated your vote and have not revoked your proxy, your units will be voted as indicated. If you have timely and properly submitted your proxy but



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have not clearly indicated your vote, your units will be voted FOR approval of the merger agreement and the merger.

If any other matters are properly presented for consideration at the meeting or any adjournment or postponement thereof, the persons named in your proxy will have the discretion to vote on these matters. Holdings partnership agreement provides that, in the absence of a quorum, any meeting of Holdings limited partners may be adjourned from time to time by the affirmative vote of a majority of the outstanding Holdings units represented either in person or by proxy.

*Revocation.* You may revoke your proxy at any time prior to its exercise by:

giving written notice of revocation to the Secretary of Holdings GP at or before the special meeting;

appearing and voting in person at the special meeting; or

properly completing and executing a later dated proxy and delivering it to the Secretary of Holdings GP at or before the special meeting.

Your presence without voting at the meeting will not automatically revoke your proxy, and any revocation during the meeting will not affect votes previously taken.

*Validity.* The inspectors of election will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of proxies. Their determination will be final and binding. The Holdings Board has the right to waive any irregularities or conditions as to the manner of voting. Holdings may accept your proxy by any form of communication permitted by Delaware law so long as Holdings is reasonably assured that the communication is authorized by you.

*Solicitation of Proxies.* The accompanying proxy is being solicited on behalf of the Holdings Board. The expenses of preparing, printing and mailing the proxy and materials used in the solicitation will be borne by Holdings.

BNY Mellon Shareowner Services has been retained by Holdings to aid in the solicitation of proxies for an initial fee of \$7,000 and the reimbursement of out-of-pocket expenses. In addition to the mailing of this proxy statement/prospectus, proxies may also be solicited from Holdings unitholders by personal interview, telephone, fax or other electronic means by directors and officers of Holdings GP and employees of EPCO and its affiliates who provide services to Holdings, who will not receive additional compensation for performing that service. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of proxy materials to the beneficial owners of Holdings units held by those persons, and Holdings will reimburse them for any reasonable expenses that they incur.

*Units Held in Street Name.* If you hold Holdings units in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee when voting your Holdings units or when granting or revoking a proxy.

Absent specific instructions from you, your broker is not empowered to vote your units with respect to the approval of the merger agreement and the merger. The units not voted because brokers lack power to vote them without instructions are also known as broker non-votes.

Failures to vote, abstentions and broker non-votes will have the same effect as a vote against approval of the merger proposal for purposes of the majority vote required under the partnership agreement.



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**THE MERGER**

**Background of the Merger**

Executive officers of the Partnership GP, along with the Holdings Board and the Partnership Board, have regularly considered strategic transactions, whether with third parties or related parties, and evaluated ways to enhance long-term value to unitholders of both Holdings and the Partnership. For many years, the partnerships and their affiliates have also focused particularly on improving the competitive position of the Partnership and its subsidiaries by reducing the Partnership's cost of capital and enhancing its long-term growth prospects. In December 2002, EPCO and its affiliates reduced the highest level of distributions on the IDRs that the Partnership GP is entitled to receive (together with its general partner interest) from 50% to 25%, which has significantly enhanced the Partnership's competitive position and historic growth since that time. These considerations have also included the potential simplification of the public partnership structures of Holdings and its subsidiaries (including the Partnership and its subsidiaries). In 2009, the Partnership acquired TEPPCO, a publicly traded partnership formerly controlled by Holdings, which furthered the objective of simplification.

The Partnership GP currently holds IDRs that entitle the Partnership GP to increasing percentages of cash distributed by the Partnership above certain distribution levels per Partnership common unit, as well as distributions on additional common units issued by the Partnership. Based on Partnership distributions made on August 5, 2010 with respect to the second quarter of 2010, the Partnership GP received approximately 15.3% of all cash distributed, and the Partnership GP would be entitled to 25% of any incremental increase in Partnership distributions in the future. In addition, at the current Partnership common unit quarterly distribution level of \$0.5825 per Partnership common unit, the Partnership GP would receive an additional \$0.10629 per quarter for each additional common unit issued by the Partnership.

Unitholders of the Partnership and the investment community have focused on the Partnership's cost of capital after other midstream publicly traded partnerships, including Sunoco Logistics Partners L.P., NuStar Energy L.P., Mark West Energy Partners L.P., Magellan Midstream Partners, L.P. (2009), Buckeye Partners, L.P. (June 2010, with transaction pending) and Inergy, L.P. (August 2010, with transaction pending), acted to reduce their long-term cost of capital by eliminating or reducing their IDRs through merger or other actions. Senior management of the Partnership GP believes that, by eliminating the Partnership's IDRs, the Partnership will be more competitive in pursuing acquisitions and may finance acquisitions and organic growth projects at an overall lower cost of capital, which would enhance the Partnership's long-term ability to continue distribution growth to its unitholders.

On June 24, 2010, Andrews Kurth, counsel to the Partnership, met with Richard H. Bachmann and Dr. Ralph S. Cunningham, in their capacities as EPCO voting trustees and representatives of EPCO, and representatives of the Partnership GP, including Michael A. Creel, the President and Chief Executive Officer of the Partnership GP, W. Randall Fowler, the Chief Financial Officer of the Partnership GP, and Bryan F. Bulawa, the Senior Vice President and Treasurer of the Partnership GP, to discuss trends in simplification of publicly traded partnerships, as well as proposed U.S. federal tax legislation. Andrews Kurth and the Partnership GP officers and EPCO representatives discussed the then-most recent simplification transaction by Buckeye Partners, L.P. as well as other similar transactions. Andrews Kurth also discussed that the U.S. House of Representatives had passed proposed legislation relating to the federal taxation of "carried interests" that may treat a potential simplification transaction (that would generally be non-taxable to unitholders under current law) as a taxable exchange to a unitholder of a partnership whose interest was acquired, such as a Holdings unitholder in a potential simplification transaction, on or after an effective date of January 1, 2011, in the absence of an election that itself could have an adverse impact on a such unitholder. Andrews Kurth also explained that the U.S. Senate was considering legislation that may have a similar

effect. While the primary rationale for a simplification transaction was not tax-based, the parties discussed that these potential changes, if enacted, could make it more difficult to complete a simplification transaction in the future, even if it was otherwise favorable to the unitholders of Holdings and the Partnership. Executive officers of the Partnership GP inquired about the structuring and timing of a potential simplification transaction. Based on these discussions, management of the Partnership GP requested that Andrews Kurth continue to analyze a potential simplification transaction and to discuss partnership, tax and securities matters.

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During late June 2010, the Partnership GP contacted Barclays Capital Inc. ( Barclays Capital ) to assist it with modeling and analyzing a transaction. Also, during late June and into early July 2010, Mr. Creel, Mr. Fowler and other management of the Partnership GP and representatives of Barclays Capital discussed Partnership GP management forecasts for 2010-2012 and projections thereafter based on Barclays Capital s analysis, and certain effects on the Partnership of a potential merger with Holdings. Because there were no internal financial projections of the Partnership or Holdings for any period following fiscal year 2012, Barclays Capital, at the request of and in conjunction with management of the Partnership GP, prepared extensions to the financial projections of the Partnership and Holdings for 2013 and subsequent years on the basis of assumptions discussed with, and considered reasonable for this purpose by, senior management of the Partnership GP. Management of the Partnership GP reviewed the extensions to the projections and agreed that the extended projections were a reasonable estimate of the Partnership s and Holdings future financial performance as of the date prepared. Representatives of Barclays Capital, Andrews Kurth and Morris, Nichols, Arsht & Tunnell LLP, special Delaware counsel for the Partnership ( Morris Nichols ), also considered and discussed with Partnership GP management potential transaction structures and legal considerations.

On June 30, 2010, Mr. Creel notified the Partnership ACG Committee that the Partnership was evaluating a potential transaction between Holdings and the Partnership and of its initial strategic rationale for a potential transaction, and requested a meeting with the committee to discuss the same.

On July 6, 2010, Mr. Creel and other members of management of the Partnership GP held a conference call with the Partnership ACG Committee generally outlining a structure for a potential transaction. Later that day, Mr. Creel notified the standing Holdings ACG Committee, which is authorized under the Holdings partnership agreement to review and approve or disapprove conflict of interest transactions, of Partnership GP management s conference with the Partnership ACG Committee and requested a meeting with the Holdings ACG Committee to discuss a potential transaction between Holdings and the Partnership.

On July 7, 2010, the Holdings ACG Committee held a conference call with members of Partnership GP management, at which time the potential transaction structure outlined to the Partnership ACG Committee was discussed. As discussed with each of the committees, the potential transaction would be structured so that Holdings would become a subsidiary of the Partnership, the 2% economic general partner interest and IDRs held by the general partner of the Partnership would be cancelled, and the surviving general partner would hold a non-economic general partner interest in the Partnership. No specific financial terms were proposed or discussed with either of the committees.

Later on July 7, 2010, the Holdings ACG Committee held a conference call with Ms. Randa Duncan Williams, Mr. Bachmann and Dr. Cunningham, in their capacities as the EPCO voting trustees and EPCO directors and the DDLLC voting trustees, to discuss their views on a potential transaction between Holdings and the Partnership and whether EPCO and DDLLC would consider a transaction with a third party. The EPCO voting trustees and directors and DDLLC voting trustees, who in such capacities control Holdings GP and approximately 76% of the outstanding Holdings units, informed the Holdings ACG Committee that they would be willing to listen to an offer from the Partnership that the Holdings ACG Committee approved and recommended as fair and reasonable to the Holdings unaffiliated unitholders, even though they were not seeking a sale of Holdings, and that they would not entertain a proposal from any third party to acquire Holdings. On July 7, 2010, the Holdings ACG Committee also engaged Baker & Hostetler LLP ( Baker Hostetler ) as its independent legal counsel.

On July 12, 2010, the Holdings ACG Committee met with Baker Hostetler and with representatives of Morgan Stanley to discuss the Holdings ACG Committee s possible engagement of Morgan Stanley as its independent financial advisor. The meeting participants discussed the rationale for a transaction with the Partnership, Holdings alternatives to such a transaction, the transaction components presented by the Partnership GP s management, and the potential conflicts of interest to be considered in connection with any such transaction. The Holdings ACG Committee

authorized Baker Hostetler to engage Richards Layton & Finger, P.A. ( Richards Layton ) as special Delaware counsel on behalf of the committee in connection with the Holdings ACG Committee s consideration of any proposed transaction. The Holdings ACG Committee engaged Richards Layton on July 14, 2010.

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On July 14, 2010, the Partnership ACG Committee engaged Skadden, Arps, Slate, Meagher & Flom LLP ( Skadden ) as its independent legal counsel and discussed the process for selecting an independent financial advisor.

On July 19, 2010, the Partnership ACG Committee engaged Credit Suisse Securities (USA) LLC ( Credit Suisse ) as its independent financial advisor. Also, on July 19, 2010, after discussions with Holdings GP management on July 12, 2010, Holdings engaged Vinson & Elkins as Holdings counsel. On July 20, 2010, the Holdings ACG Committee engaged Morgan Stanley as its independent financial advisor.

On July 22, 2010, management of the Partnership GP distributed to the Partnership ACG Committee and its independent counsel an initial presentation by Barclays Capital, as well as structuring memoranda and initial draft agreements for a potential transaction based on the contemplated transaction structure.

On July 26, 2010, Mr. Creel, Mr. Fowler and other representatives of management of the Partnership GP, and representatives of Barclays Capital and Andrews Kurth as advisors for the Partnership, met with the Partnership ACG Committee and representatives of Credit Suisse and Skadden as its advisors to discuss a potential strategic combination (structured as an acquisition by merger of Holdings by the Partnership, but with the general partner of Holdings surviving as the successor general partner of the Partnership) and preliminary observations regarding the potential transaction. These discussions included the strategic rationale for a merger, certain status quo financial projections, current trading values for Holdings units, Partnership common units and Energy Transfer Equity common units, and implied values for the general partner interest and IDRs in the Partnership held by Holdings. The participants also discussed selected estimated pro forma consequences of a potential transaction compared to status quo estimates, including the expected pro forma accretion and dilution per Partnership common unit that would result under different exchange ratios. After these discussions, the Partnership ACG Committee met separately with its independent legal and financial advisors and requested that management and Barclays Capital provide additional information and analysis of the quantitative and qualitative benefits of a proposed merger transaction to the Partnership and its common unitholders, including the effects of growth capital expenditures at assumed levels and different premiums to the implied value of the Partnership s general partner interest and IDRs.

During late July 2010, the Holdings ACG Committee continued to discuss with its advisors the components of a potential transaction and related considerations that had been raised in the committee s July 12, 2010 meeting.

On July 29, 2010, the Partnership ACG Committee and its advisors met with Partnership GP management and Barclays Capital. At this meeting, Mr. Fowler, as a representative of the Partnership, and Robert Pierce and other representatives of Barclays Capital reviewed again with the Partnership ACG Committee the rationale for the proposed transaction and an analysis that illustrated the expected pro forma effect of the proposed transaction on the Partnership s common unitholders assuming various levels of future acquisitions and capital expenditures intended to represent incremental growth activities in periods beginning in 2012. Barclays Capital reviewed and discussed with the Partnership ACG Committee the pro forma effects of these analyses based on different merger exchange ratios and the implied premiums for the Partnership general partner interest and IDRs.

In late July 2010, the Holdings ACG Committee and one of its members, Edwin E. Smith, determined that Mr. Smith would recuse himself from all committee deliberations and actions in connection with any proposal from the Partnership, in light of the magnitude of Mr. Smith s ownership of Partnership common units in relation to his ownership of Holdings units. Charles McMahan, Chairman of the Holdings ACG Committee, requested that Dr. Cunningham on behalf of DDLLC, as the sole member of Holdings GP, which is solely entitled to appoint members to the Holdings Board, propose a candidate for the Holdings Board who would meet the requirements of the Holdings partnership agreement for members of the Holdings ACG Committee, as well as being independent for purposes of reviewing any proposals from the Partnership. After prior consultations with Mr. McMahan regarding multiple candidates suggested by Dr. Cunningham, on August 2, 2010, the sole member of Holdings GP appointed

B.W. Waycaster to the Holdings Board, and the Holdings Board appointed Mr. Waycaster to the Holdings ACG Committee, following the Holdings Board's determination that Mr. Waycaster met the requirements of the Holdings partnership agreement for members of



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the Holdings ACG Committee, and after consideration of Mr. Waycaster's independence for purposes of evaluating any potential transaction between Holdings and the Partnership. All references to the Holdings ACG Committee relating to events occurring on or after August 2, 2010 mean only Mr. McMahan, Thurmon M. Address and Mr. Waycaster.

In light of potential conflicts of interest in a potential transaction between the Partnership and Holdings, the Holdings Board formally delegated to the Holdings ACG Committee the power to consider, analyze, review, evaluate and accept or reject any proposed merger and related arrangements, and to negotiate the terms thereof, and delegated the authority to determine whether to approve a merger and to make any recommendations to the Holdings Board as to what action, if any, should be taken by the Holdings Board with respect to a merger.

On August 3, 2010, representatives of management of the Partnership GP and advisors for the Partnership met with the Partnership ACG Committee and its advisors. At this meeting, Barclays Capital reviewed a draft presentation and proposal that Partnership GP management proposed to make to the Holdings ACG Committee later that day. The Partnership ACG Committee endorsed Partnership GP management making this proposal.

Later on August 3, 2010, Mr. Creel and other management of the Partnership GP, the Partnership ACG Committee, and representatives of Barclays Capital, Credit Suisse, Andrews Kurth and Skadden, met with the Holdings ACG Committee and representatives of Morgan Stanley, Baker Hostetler, Richards Layton and Vinson & Elkins, as well as Mr. Bachmann and Dr. Cunningham in their capacities as EPCO representatives, to discuss an initial offer. At this meeting, Messrs. Creel and Pierce discussed the proposed transaction and the strategic rationale for the Partnership, including, but not limited to: (i) elimination of the IDRs to reduce the Partnership's long-term cost of capital, thereby allowing the Partnership to be more competitive in the mergers and acquisitions market and enhancing returns on organic growth projects and acquisitions; and (ii) simplification of the organizational structure by consolidating two publicly traded entities into one. Mr. Pierce stated that the proposal should be attractive to Holdings because it would (a) provide Holdings unitholders a premium to the current Holdings unit price and an immediate and substantial increase in cash distributions; (b) provide enhanced market liquidity in Partnership common units compared to the liquidity of Holdings units; (c) address Holdings' \$1.1 billion debt balance well ahead of its maturity; and (d) be expected to be credit neutral to positive to the credit ratings of the Partnership.

At this meeting, Mr. Pierce also discussed selected precedent transactions and differences among those transactions and the proposed transaction. Mr. Pierce noted a number of reasons why the proposed premium differed from the premiums paid in certain other recent precedent transactions, including:

the significantly higher enterprise value of the Partnership as compared to partnerships involved in the precedent transactions, as a result of which a single acquisition or growth project for the Partnership would not create the same accretion percentages for the Partnership as compared to the partnerships involved in the precedent transactions due to the Partnership's much larger enterprise value;

that the highest incremental sharing percentage under the IDRs and general partner interest in the Partnership is approximately 25%, compared with the highest incremental sharing percentage of 50% in certain of the precedent transactions;

that, as a percentage, the total current distributions being paid in respect of the IDRs in the Partnership are substantially lower than distributions being paid in respect of the IDRs in the precedent transactions;

that Holdings owns sizeable investments other than the 2% general partner interest and IDRs in the Partnership, which investments in other publicly traded securities should be excluded for purposes of considering any premium;

that Holdings has significantly more debt outstanding, and thus greater future refinancing requirements, than did the general partner in any of the precedent transactions; and

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that the proposed transaction would not result in a change of control due to EPCO's and its affiliates' continued control of the general partner of the Partnership and a significant percentage of the Partnership common units.

Based on the foregoing, Mr. Creel, on behalf of the Partnership, made an initial offer of 1.377 Partnership common units for each outstanding Holdings unit (the Initial Proposal), which represented a 2.6% premium over the July 30, 2010 closing price of the Holdings units and an estimated 41% increase in quarterly cash distributions to Holdings unitholders based on distributions declared by the respective partnerships for payment in August 2010.

Barclays Capital then discussed its analysis of the pro forma consequences of the proposed transaction. This analysis was based on the projections described under The Merger Unaudited Financial Projections of the Partnership and Holdings. The assumptions for 2013-2015 used in the analysis, which were discussed with, and considered reasonable by, senior management of the Partnership GP for these purposes, included the following: (i) the Partnership's distributions would grow at the greater of 5% or \$0.12 per common unit per year; (ii) the Partnership's EBITDA would grow based on the median of the historical and forecast annual EBITDA growth rates from 2009-2012; and (iii) the Partnership's maintenance capital expenditures during each year, as a percentage of EBITDA for such year, would equal the average percentage of historical and forecast EBITDA over 2009-2012. Based on these factors, the estimated distribution coverage would remain above 1.1x for 2011-2015, and the transaction would become accretive per Partnership common unit on a distributable cash flow basis in 2015.

After this joint meeting, the Holdings ACG Committee met separately to discuss the Initial Proposal. The committee discussed, among other things, the Partnership's valuation of the Partnership common units and Energy Transfer Equity units owned by Holdings, the proposed exchange ratio in relation to the current and historical relationship between the Partnership's and Holdings' unit trading values, and various financial metrics in relation to those reflected in recent similar transactions, all from the perspective of the Holdings unaffiliated unitholders. At the conclusion of the meeting, the Holdings ACG Committee directed Morgan Stanley to analyze the Initial Proposal and to assist the committee in its review and consideration of the Initial Proposal.

On August 9, 2010, Morgan Stanley held a diligence call with Partnership GP management regarding the financial projections and assumptions used in the forecasts provided to Morgan Stanley. Also, on August 9, 2010, Andrews Kurth distributed a draft merger agreement and support agreement to counsel for the Holdings ACG Committee and to counsel for Holdings for review in connection with the Holdings ACG Committee's consideration of the Initial Proposal.

On August 10, 2010, the Holdings ACG Committee met to further discuss the Initial Proposal with its advisors. Morgan Stanley reviewed with the Holdings ACG Committee, among other things, the methodologies used in its analysis, underlying historical and projected financial data, recent and historical unit trading performance data, valuation metrics based on yield, growth and the long-term cost of capital, and similarities and differences between the proposed transaction and other recent precedent transactions. The meeting participants discussed the short-term and long-term implications of these considerations from the perspective of the Holdings unaffiliated unitholders. After its review, the Holdings ACG Committee determined that the Initial Proposal was inadequate. Mr. McMahan then informed Dr. Cunningham and Mr. Bachmann of the Holdings ACG Committee's determination. Subsequently, Mr. McMahan advised Mr. Creel that the Holdings ACG Committee considered the Initial Proposal inadequate. Mr. McMahan further advised Mr. Creel that Holdings was not seeking a sale transaction, but would consider an improved proposal from the Partnership if the Partnership made one.

Later on August 10, 2010, following the response by the Holdings ACG Committee, Partnership GP management held a call with the Partnership ACG Committee, Barclays Capital, Credit Suisse, Skadden and Andrews Kurth, to discuss the response and further action. The Partnership ACG Committee and Partnership GP management collectively

requested Barclays Capital to conduct further analysis that would include a revised exchange ratio for the proposed transaction together with assumed support from EPCO or its affiliates

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in the form of a waiver of distributions on designated units in order to reduce for a number of years the distributable cash flow dilution per Partnership common unit created by a higher exchange ratio.

On August 11, 2010, Partnership GP management met with Barclays Capital and Andrews Kurth to discuss the preliminary analysis regarding a revised proposal which would include EPCO support. The analysis assumed the level of EPCO support required to make the transaction cash flow neutral in terms of estimated Partnership distributable cash flow per unit from 2011 through 2014.

Subsequently on August 11, 2010, Partnership GP management met with the Partnership ACG Committee and representatives of Barclays Capital, Credit Suisse, Andrews Kurth and Skadden and reviewed a range of potential alternative proposals assuming EPCO support. Based on these discussions and analysis, the Partnership ACG Committee endorsed Partnership GP management making a revised proposal to the Holdings ACG Committee (i) with an exchange ratio of 1.40 Partnership common units for each Holdings unit and (ii) assuming a waiver of distributions by EPCO or its affiliates for a specified number of units during the 2011-2014 period (the First Revised Proposal ).

On August 12, 2010, Mr. Creel and other members of Partnership GP management, representatives of Barclays Capital and Andrews Kurth, the Partnership ACG Committee and representatives of its advisors met with the Holdings ACG Committee, representatives of its advisors, and Mr. Bachmann and Dr. Cunningham, as EPCO representatives, to make its First Revised Proposal, which reflected a 6.8% premium to the closing price for Holdings units on August 11, 2010 and a 44% increase in quarterly cash distributions to the Holdings unaffiliated unitholders based on the respective distributions paid by the partnerships in August 2010. Mr. Creel on behalf of the Partnership noted that the First Revised Proposal was conditioned on the parties obtaining EPCO support as proposed by the Partnership, and that the Partnership desired that the Holdings ACG Committee discuss this directly with EPCO. Mr. Pierce then presented Barclays Capital's more detailed analysis of the First Revised Proposal to the Holdings ACG Committee.

Later that day, the Holdings ACG Committee convened separately to discuss the First Revised Proposal. At the committee's invitation, Dr. Cunningham and Mr. Bachmann, as EPCO representatives, joined the meeting. The EPCO representatives indicated their willingness to provide financial support for a transaction so long as (i) EPCO would not be disadvantaged relative to the position it would have been in under the Initial Proposal, and (ii) the committee determined that the transaction was fair and reasonable to Holdings' unaffiliated unitholders. The EPCO representatives then left the meeting. The Holdings ACG Committee and its advisors then discussed the First Revised Proposal in light of the considerations reviewed in the Holdings ACG Committee's August 10, 2010 meeting.

Following these discussions, the Holdings ACG Committee determined that the First Revised Proposal was inadequate and that the committee was not prepared to make a counterproposal. Mr. Bachmann and Dr. Cunningham, as EPCO representatives, then rejoined the meeting. Mr. McMahan informed the meeting invitees of the committee's determination, and Mr. Bachmann and Dr. Cunningham concurred with the committee's determination that the First Revised Proposal was inadequate.

Thereafter, the Holdings ACG Committee reconvened the meeting with Partnership GP management and the Partnership ACG Committee, along with their respective advisors, and Mr. Bachmann and Dr. Cunningham. Mr. McMahan informed the meeting participants that the Holdings ACG Committee had determined that the First Revised Proposal was inadequate. The Holdings ACG Committee cited the premiums paid in other simplification transactions. At this meeting, Mr. Bachmann also noted, in his capacity as a representative of EPCO, that he believed that the distribution support requested from EPCO in the First Revised Proposal would result in lower distributions to EPCO than in the Initial Proposal, and thus that the distribution support requested from EPCO in the First Revised Proposal was not acceptable to EPCO.

After this meeting, Partnership GP management and the Partnership ACG Committee, along with their advisors, met to discuss the Holdings ACG Committee's response to the First Revised Proposal. Following this separately convened meeting, Partnership GP management and the Partnership ACG Committee, along with their advisors, met again during the afternoon of August 12, 2010 with the Holdings ACG Committee. At this

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meeting, Mr. Creel stated that in the absence of a counterproposal and in view of the current position of EPCO as indicated by Mr. Bachmann as its representative, the Partnership had no further proposals to make.

By letter dated August 12, 2010, Mr. McMahan as the Holdings ACG Committee Chairman confirmed to the Partnership ACG Committee the termination of discussions.

During the week of August 16, 2010, based on discussions with Partnership GP management and the Partnership ACG Committee on August 11, 2010, Barclays Capital continued to revise analyses of alternative proposals and to meet with Partnership GP management regarding the same. On August 17, 2010, Partnership GP management and advisors for the Partnership met with the Partnership ACG Committee and its legal advisors to discuss a range of potential proposals regarding EPCO financial support at various assumed exchange ratios.

On August 18, 2010, Messrs. Creel and Bulawa met with the three EPCO voting trustees to review certain financial analyses prepared by Barclays Capital and Partnership GP management and potential levels of EPCO distribution waiver support under various exchange ratios. The EPCO voting trustees requested additional information regarding the assumptions included in the analyses, including with respect to assumed distribution growth on the Energy Transfer Equity common units held by Holdings.

On August 19, 2010, Mr. Bachmann notified Mr. McMahan that the Partnership was considering a new proposal to the Holdings ACG Committee for its consideration, and Mr. McMahan notified the Holdings ACG Committee and its advisors of this potential further activity.

On August 22, 2010, Partnership GP management and advisors for the Partnership met with the Partnership ACG Committee and its advisors to discuss alternative proposals. Based on this discussion, the Partnership ACG Committee endorsed Partnership GP management making a revised proposal with (i) an exchange ratio of 1.475 Partnership common units for each Holdings unit and (ii) a waiver of distributions by EPCO or its affiliates for a specified number of units during 2011-2015 (the Second Revised Proposal ).

On August 23, 2010, the Holdings ACG Committee and its advisors met with Mr. Bachmann and Dr. Cunningham, as EPCO representatives, in anticipation of a meeting later that day with representatives of the Partnership. The EPCO representatives advised the Holdings ACG Committee of the limits on the financial support for a transaction that EPCO was willing to provide, and stated that they had similarly informed the Partnership of those limits, and the EPCO representatives then left the meeting. The Holdings ACG Committee then discussed briefly the matters, in addition to financial analyses, that it would consider in assessing any new proposal that might be made by the Partnership.

Mr. Creel and other management of the Partnership GP, the Partnership ACG Committee and the respective legal and financial advisors for the Partnership and the Partnership ACG Committee then met with the Holdings ACG Committee and the legal and financial advisors for the Holdings ACG Committee and Holdings. At this meeting, Mr. Creel along with Mr. Pierce presented the Second Revised Proposal and related analyses. The Second Revised Proposal represented a 13.2% premium to the closing price for Holdings units on August 20, 2010 and a 51% increase in cash distributions to the Holdings unaffiliated unitholders based on the respective distributions paid by the partnerships in August 2010. The Second Revised Proposal was conditioned on obtaining EPCO support as proposed by the Partnership.

Following this joint meeting, the Holdings ACG Committee met separately with its advisors to review numerous financial considerations relating to the Second Revised Proposal. The Holdings ACG Committee also discussed with its advisors the implications of the proposed carried interest federal tax legislation, and directed Baker Hostetler to prepare further analysis of that subject to be presented to the committee. After discussion, the Holdings ACG

Committee informed the Partnership and the Partnership ACG Committee that it would consider the Second Revised Proposal after further analysis by its legal and financial advisors.

Subsequent to that meeting, from August 23, 2010 through August 29, 2010, management of the Partnership GP and the respective legal and financial advisors for the Partnership and the Partnership ACG Committee, and the Holdings ACG Committee and the legal and financial advisors for Holdings and the Holdings ACG Committee conducted further financial analysis and due diligence. Based on these discussions,



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the Partnership GP management and Barclays Capital changed certain assumptions used for the financial analysis regarding distribution growth with respect to Energy Transfer Equity common units owned by Holdings. On August 26, 2010, Mr. Bulawa advised Morgan Stanley of these revised assumptions, and Mr. Creel advised the Holdings ACG Committee, the Partnership ACG Committee and the EPCO voting trustees of the same.

On August 25, 2010, the Holdings ACG Committee held a lengthy meeting with its advisors to review in detail Morgan Stanley's analysis of the Second Revised Proposal, and to review pending and threatened derivative litigation on behalf of Holdings with Morris Nichols as derivative litigation counsel to Holdings. Derivative litigation counsel discussed the relevant proceedings and threatened action and the status of each, and then left the meeting. Baker Hostetler and Richards Layton then advised the committee regarding its duties in assessing those matters in the context of considering proposals from the Partnership.

The Holdings ACG Committee and its advisors then considered in detail Morgan Stanley's analysis of the Second Revised Proposal, discussing, among other considerations, (i) the EPCO financial support, (ii) relevant premiums to Holdings' current unit price and the effect of the premiums on public unitholders' cash flow, (iii) comparisons of other financial metrics to those in recent precedent transactions, (iv) the proposal's financial characteristics in relation to those implicit in other exchange ratios, (v) the current and historical trading relationships between Partnership common units and Holdings units, (vi) anticipated yields and growth rates per Holdings unit assuming acceptance of the proposal and also on a stand-alone basis, (vii) the effect on Holdings of interest rate fluctuations, (viii) near-term and longer-term accretion and dilution considerations for Holdings unitholders and Partnership common unitholders, (ix) the impact of consummating the proposal on the Partnership's distribution coverage ratio, (x) the impact of the proposal on the Partnership's long-term cost of capital, (xi) Holdings' leverage to growth ratio and IDRs in relation to those of entities in precedent transactions, (xii) the relative trading liquidity of Holdings units and Partnership common units, (xiii) the current state of the capital markets and Holdings' and the Partnership's relative positions in the capital markets, and (xiv) the effect on Holdings' public unitholders of Holdings' alternatives to accepting a Partnership proposal, including possible opportunities to diversify, the marketplace for public general partners and maintaining Holdings as it currently exists.

Following additional consideration by the Holdings ACG Committee of the matters referred to above, the committee determined to make a counterproposal to the Partnership at an exchange ratio of 1.535 Partnership common units for each Holdings unit (the Holdings Counterproposal). The Holdings ACG Committee directed Morgan Stanley to prepare analyses relating to the Holdings Counterproposal for purposes of a presentation to be made by the Holdings ACG Committee to the Partnership. The Holdings ACG Committee and its advisors met on August 26, 2010 and on August 27, 2010 to review and make revisions to the presentation supporting the Holdings Counterproposal and to discuss further the considerations previously discussed relating to Holdings derivative litigation and proposed carried interest federal tax legislation.

On August 29, 2010, Partnership GP management and the financial and legal advisors for the Partnership met with the Partnership ACG Committee and its financial and legal advisors to discuss a revised analysis by Barclays Capital, which took into account: a revision to the number of EPCO distribution waiver units based on the anticipated timing of the proposed transaction; the recent dissolution of certain employee partnerships that held Holdings units and Partnership common units; changes in assumptions used for the financial analysis with respect to distribution growth on the Energy Transfer Equity common units owned by Holdings; and in connection with analysis of the cash impact of the distribution waiver, the impact of the Partnership distributions reflected on a cash basis rather than on an accrual basis.

On August 30, 2010, Mr. McMahan and a representative of the legal and financial advisors for the Holdings ACG Committee met initially with the three EPCO voting trustees, in anticipation of the meeting later that morning with representatives of the Partnership, to inform them of the Holdings Counterproposal to be made. Immediately

thereafter, the Holdings ACG Committee and its advisors met with Partnership GP management and the advisors for the Partnership, the Partnership ACG Committee and its advisors, and each of the three EPCO voting trustees. At this meeting, Mr. McMahan and representatives of Morgan Stanley presented the Holdings Counterproposal. The Holdings ACG Committee and the Partnership ACG Committee

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and their respective advisors exchanged views regarding the various financial and strategic considerations relevant to arriving at a mutually acceptable exchange ratio for a transaction.

Management of the Partnership GP and its advisors, and the Partnership ACG and its advisors, then convened separately. After deliberation, the Partnership ACG Committee endorsed a counterproposal by Partnership GP management of an exchange ratio of 1.50 Partnership common units per Holdings unit (the Final Exchange Ratio Offer ). The Final Exchange Ratio Offer represented a premium of approximately 16% based on the closing prices for Holdings units and Partnership common units on August 27, 2010 and a 54% increase in cash distributions to the Holdings unaffiliated unitholders based on the 1.50 exchange ratio and respective distributions paid by the partnerships in August 2010.

The Partnership and Holdings meeting participants then reconvened, and Mr. Creel proposed the Final Exchange Ratio Offer, presented as a final offer, to the Holdings ACG Committee. Over the remainder of that day, each committee convened separately and with the other committee or various committee representatives in a series of meetings with respect to (i) the exchange ratio, (ii) a December 31, 2010 deadline for completing the transaction if an exchange ratio could be agreed upon, in light of the possibility of retroactive federal tax legislation in 2011 that could affect Holdings unitholders, and (iii) the consequences of not completing the transaction by the deadline. At the conclusion of these meetings, Mr. McMahan advised the Partnership that the Holdings ACG Committee would agree to the Final Exchange Ratio Offer, with a transaction completion deadline of December 31, 2010 and an expense reimbursement to Holdings of up to \$5 million if the agreement for the transaction were terminated for failure to meet the deadline, subject to the parties negotiation of and mutual agreement on all other terms of the requisite definitive agreements.

From August 30, 2010 until September 3, 2010, counsel for each of the parties prepared drafts of agreements, exchanged comments and negotiated transaction terms, including termination rights, the absence of a Holdings termination fee if Holdings determined not to proceed with the merger under certain circumstances, the impact of potential adverse federal tax legislation on the parties obligations to consummate the transaction, Holdings ability to entertain third party proposals, and the effect of various other material adverse developments affecting either party.

On September 3, 2010, the Holdings Board and the Holdings ACG Committee met with Baker Hostetler, Vinson & Elkins and Richards Layton and representatives of Morgan Stanley. Prior to the meeting, the Holdings Board was provided drafts of the merger agreements and the support agreement as well as summaries and other documents to assist the Holdings Board in evaluating the proposed transaction. Representatives of Morgan Stanley presented in detail its financial analysis of the proposed transaction at an exchange ratio of 1.50 Partnership common units for each Holdings unit, and indicated that Morgan Stanley was prepared to render to the Holdings ACG Committee its opinion that the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Holdings unitholders (other than the Holdings supporting unitholders), subject to customary assumptions, considerations, qualifications and limitations. Baker Hostetler then reviewed with the Holdings Board a summary of the material terms of the definitive merger agreement and related documents for the transaction, and reviewed resolutions that the Holdings Board would be asked to adopt, including a resolution that the transaction be presented to Holdings unitholders for their approval, if the Holdings ACG Committee approved the transaction at its forthcoming meeting and expressed its intent that its approval of the transaction constitute Special Approval within the meaning of Holdings partnership agreement. Morgan Stanley, Baker Hostetler, Vinson & Elkins and Richards Layton responded to various questions from the Holdings Board.

Immediately following the meeting of the Holdings Board, the Holdings ACG Committee met with Baker Hostetler and Richards Layton and representatives of Morgan Stanley to consider approval of the transaction and a recommendation that it be approved by the Holdings Board. The Morgan Stanley representatives highlighted certain elements of the financial analyses that it had reviewed with the Holdings Board, and rendered its oral opinion to the

effect that, as of September 3, 2010 and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the Holdings unitholders (other than the Holdings supporting unitholders). At the committee's request, Morgan Stanley delivered its written

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opinion to the Holdings ACG Committee and left the meeting. Baker Hostetler then reviewed in detail proposed resolutions to be adopted by the committee, including a resolution signifying the committee's intent that its approval of the transaction constitute Special Approval of the transaction within the meaning of Holdings' partnership agreement. The Holdings ACG Committee voted unanimously to adopt the resolutions and reviewed specific elements of the transaction that supported its actions, which elements are set forth under the heading Recommendation of the Holdings ACG Committee and the Holdings Board and Reasons for the Merger.

Following the meeting of the Holdings ACG Committee, after being advised of the Holdings ACG Committee's proceedings and actions, the Holdings Board executed a unanimous written consent approving the transaction and recommending that it be presented to the Holdings unitholders for their approval.

On September 3, 2010, the Partnership Board met with Barclays Capital, Andrews Kurth and Skadden. Credit Suisse was also in attendance. Prior to the meeting, the Partnership Board was provided drafts of the merger agreements and the support agreement as well as materials to assist the Partnership Board in evaluating the proposed transactions. At the meeting, the Partnership Board reviewed and discussed the terms of the proposed transaction with the assistance of Partnership GP management and the Partnership's legal and financial advisors. The meeting of the Partnership Board was then temporarily recessed.

Immediately following the recess of the meeting of the Partnership Board, the Partnership ACG Committee met separately and, with the assistance of its legal and financial advisors, reviewed and discussed the terms of the proposed transaction and, among other things, considered whether to provide special approval as permitted under the Partnership's partnership agreement, for the proposed merger and related transactions. After discussion and deliberation, the Partnership ACG Committee voted unanimously to adopt resolutions approving the merger agreement and the merger and related transactions, including a resolution signifying the committee's intent that its approval of the transaction constitute special approval for purposes of the Partnership's partnership agreement.

Following the meeting of the Partnership ACG Committee, the Partnership Board reconvened and received the notice of special approval (as defined in the Partnership's partnership agreement) by the Partnership ACG Committee. After final discussion and deliberation, the Partnership Board approved the merger agreements and the related documents and the issuance of Partnership common units in connection with the proposed merger.

Following the September 3, 2010 meetings of the Holdings ACG Committee and the Holdings Board and the Partnership ACG Committee and the Partnership Board, the parties executed and delivered definitive merger agreements. The Partnership and the Holdings supporting unitholders also executed and delivered the support agreement.

On September 7, 2010, the Partnership and Holdings issued a joint press release announcing the merger agreement and the proposed merger.

## **Recommendation of the Holdings ACG Committee and the Holdings Board and Reasons for the Merger**

On September 3, 2010, the Holdings ACG Committee unanimously determined that the merger agreement and the merger were fair and reasonable, advisable to and in the best interests of Holdings and the Holdings unaffiliated unitholders. Accordingly, the Holdings ACG Committee recommended that the Holdings Board approve the merger agreement and the merger. Based on the Holdings ACG Committee's determination and recommendation, on September 3, 2010, the Holdings Board unanimously approved and declared the advisability of the merger agreement and the merger. Both the Holdings ACG Committee and the Holdings Board also recommended that the Holdings unaffiliated unitholders vote in favor of the merger proposal.

The Holdings ACG Committee considered many factors in determining the merger agreement and the transactions contemplated thereby to be fair and reasonable, advisable to and in the best interests of Holdings and the Holdings unaffiliated unitholders and recommending the approval of the merger agreement and the consummation of the transactions contemplated thereby to the Holdings Board. In reaching its conclusions, the

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Holdings ACG Committee consulted with its legal and financial advisors and viewed the following factors as being generally positive or favorable in coming to its determination and related recommendations:

The pro forma increase of approximately 54% in quarterly cash distributions expected to be received by Holdings unitholders, based upon the 1.50 exchange ratio and quarterly cash distribution rates paid by Holdings and the Partnership in August 2010, together with the expectation that the merger will be accretive to cash distributions received by Holdings unitholders in each year through 2015 (the period for which projections were provided).

In the merger, Holdings unitholders will receive common units representing limited partner interests in the Partnership, which Partnership common units have substantially more liquidity than Holdings units because of the Partnership common units' larger average daily trading volume, as well as the Partnership being a significantly larger entity with a broader investor base and a larger public float, along with less volatility in the trading market for the Partnership common units.

The exchange ratio in the merger, which based upon the closing prices of Holdings units and Partnership common units on September 3, 2010, the last trading date before the Holdings ACG Committee and Holdings Board approved the merger, represented a premium of:

approximately 16% above the closing price of Holdings units of \$49.90 on September 3, 2010; and

approximately 40% above the average closing price of Holdings units of \$41.32 during the one-year period ended on September 3, 2010.

The opinion of Morgan Stanley rendered to the Holdings ACG Committee on September 3, 2010 to the effect that, as of such date and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the Holdings unitholders (other than the Holdings supporting unitholders).

That the merger provides Holdings unitholders with an opportunity to benefit from price appreciation and increased distributions through ownership of Partnership common units, which should benefit from the lower long-term cost of capital associated with the permanent cancellation of the IDRs and the Partnership's enhanced ability to compete for future acquisitions and finance organic growth projects.

The stronger credit profile of the Partnership relative to that of Holdings.

That Holdings unitholders, generally, should not recognize any income or gain, for U.S. federal income tax purposes, solely as a result of the receipt of the Partnership common units pursuant to the merger.

The current and prospective environment for Holdings in the future if it continues as a stand-alone entity, including potential unitholder value that might result from opportunities available to Holdings in the future or from growth in its unit price, as compared to the strengths of the combined entity.

The terms of the merger agreement permit the Holdings ACG Committee to change its recommendation of the merger if the Holdings ACG Committee has concluded in good faith, after consultation with its outside legal and financial advisors, that the failure to make such a change in recommendation would be inconsistent with its duties under the Holdings partnership agreement and applicable law, and no termination fee is payable by Holdings upon any such change of recommendation.

The ability of Holdings to enter into discussions with another party in response to an unsolicited written offer, if the Holdings ACG Committee, after consultation with its outside legal and financial advisors, determines in good faith (a) that such unsolicited written offer constitutes or is likely to result in a superior proposal and (b) that the failure to take such action would be inconsistent with its duties under the Holdings partnership agreement and applicable law; notwithstanding that affiliates of EPCO informed the Holdings ACG Committee that they would not entertain an acquisition proposal from a third party, the Holdings ACG Committee considered it possible that a subsequent offer could affect the viewpoint of the affiliates of EPCO regarding the merger or a third party transaction.



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The Holdings ACG Committee's familiarity with, and understanding of, the businesses, assets, liabilities, results of operations, financial conditions and competitive positions and prospects of Holdings and the Partnership.

The Holdings ACG Committee's understanding of and management's review of overall market conditions, and the Holdings ACG Committee's determination that, in light of these factors, the timing of the potential transaction is favorable to Holdings.

The review by the Holdings ACG Committee with its legal and financial advisors of the financial and other terms of the merger agreement and related documents, including the conditions to their respective obligations and the termination provisions.

That the merger will eliminate potential conflicts of interest between the unitholders of Holdings and the unitholders of the Partnership.

The Holdings ACG Committee considered the following factors to be generally negative or unfavorable in making its determination and recommendations:

The risk that the merger might not be completed in a timely manner, or that the merger might not be consummated as a result of a failure to satisfy the conditions contained in the merger agreement, including any failure to close by December 31, 2010, which would result in the termination of the obligations of (i) the Holdings supporting unitholders under the support agreement and (ii) DFIDH to execute the distribution waiver agreement, and that a failure to complete the merger could negatively impact the trading price of the Holdings units.

That the exchange ratio is fixed and the possibility that the Partnership common unit price could decline relative to the Holdings unit price prior to closing, reducing the premium available to Holdings unitholders.

The possibility that Holdings unitholders could be foregoing appreciation principally associated with the IDRs which might be realized either in the form of increased distributions or appreciation in unit value if the business of the Partnership performs materially better than anticipated and the Partnership increases its distribution to levels substantially higher than anticipated.

The possibility that the proposed carried interest federal tax legislation could be enacted with an effective date, or a retroactive effective date, before consummation of the merger, and the potential material tax liabilities that could be incurred by Holdings unitholders as a consequence thereof.

The limitations on Holdings considering unsolicited offers from third parties not affiliated with Holdings GP.

The risk that potential benefits sought in the merger might not be fully realized.

The elimination of certain control rights that Holdings possesses with respect to the Partnership.

That certain members of management of Holdings GP and the Holdings Board may have interests that are different from those of the holders of units in Holdings.

The foregoing discussion of the information and factors considered by the Holdings ACG Committee is not intended to be exhaustive, but includes the material factors considered by the Holdings ACG Committee. In view of the variety

of factors considered in connection with its evaluation of the merger, the Holdings ACG Committee did not find it practicable to, and did not, quantify or otherwise assign specific weights to the factors considered in reaching its determination and recommendation. In addition, each of the members of the Holdings ACG Committee may have given differing weights to different factors. Overall, the Holdings ACG Committee believed that the advantages of the merger outweighed the negative factors it considered.

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The Holdings ACG Committee also reviewed a number of procedural factors relating to the merger, including, without limitation, the following:

The terms and conditions of the proposed merger were determined through arm's-length negotiations between the Partnership ACG Committee and the Holdings ACG Committee and their respective representatives and advisors;

The Holdings ACG Committee retained independent legal and financial advisors with knowledge and experience with respect to public company merger and acquisition transactions, the Partnership's industry generally, and the Partnership and Holdings particularly, as well as substantial experience advising publicly traded limited partnerships and other companies with respect to transactions similar to the proposed transaction; and

The Holdings ACG Committee received the written opinion of Morgan Stanley on September 3, 2010 to the effect that, as of such date and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in the written opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the Holdings unitholders (other than the Holdings supporting unitholders).

## **The Partnership's Reasons for the Merger**

The Partnership Board and the Partnership ACG Committee consulted with management and their legal and financial advisors and considered many factors in approving the merger, including the following:

a lower long-term cost of capital achieved through the permanent elimination of the IDRs, which is expected to allow the Partnership to maintain its competitive position for acquisitions and to engage in additional organic growth projects accretive to common unitholders;

a simplified organizational structure expected to make the Partnership more attractive to equity and debt investors, to reduce certain general and administrative costs by approximately \$6 million per year primarily from eliminating public company expenses and to eliminate potential conflicts of interest between the Partnership and Holdings;

increased liquidity with an increased public ownership of Partnership common units;

the relatively low execution risk in integrating businesses due to existing shared services; and

an expected neutral or favorable view by rating agencies due to a more simplified organizational structure that eliminates inherent conflicts of interest.

## **Unaudited Financial Projections of the Partnership and Holdings**

Neither the Partnership nor Holdings routinely publishes projections as to long-term future performance or earnings. However, in connection with the proposed merger, management of the Partnership GP prepared projections that included future financial performance of the Partnership with respect to 2011 and 2012, and management of Holdings GP prepared projections that included future financial performance of Holdings (relying on Partnership GP projections with respect to the Partnership) with respect to 2011 and 2012. These projections were based on projections used for regular internal planning purposes. Because there were no internal financial projections of the Partnership or Holdings for any period following fiscal year 2012, Barclays Capital, at the request of and in

conjunction with the management of the Partnership GP, prepared extensions to the financial projections of the Partnership and Holdings for 2013 and subsequent years on the basis of assumptions discussed with, and considered reasonable for this purpose by, senior management of the Partnership GP. Management of the Partnership GP reviewed the extensions to the projections and agreed that the extended projections were a reasonable estimate of the Partnership s and Holdings future financial performance as of the date prepared. Projections were prepared for each of the Partnership and Holdings. These non-public projections were provided to Morgan Stanley for use and consideration in its financial analysis and in preparation of its opinion to the Holdings ACG Committee. The projections were also presented to members of the Holdings ACG Committee and provided to other members of the Holdings

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Board. A summary of these projections is included below to give Holdings unitholders access to certain non-public unaudited projections that were made available to Morgan Stanley, the Holdings ACG Committee and the Holdings Board in connection with the proposed merger.

***The Partnership and Holdings caution you that uncertainties are inherent in projections of any kind. None of the Partnership, Holdings or any of their affiliates, advisors, officers, directors or representatives has made or makes any representation or can give any assurance to any Holdings unitholder or any other person regarding the ultimate performance of the Partnership or Holdings compared to the summarized information set forth below or that any projected results will be achieved.***

The summary projections set forth below summarize the most recent projections provided to Morgan Stanley, the Holdings ACG Committee and members of the Holdings Board prior to the execution of the merger agreement. The inclusion of the following summary projections in this proxy statement/prospectus should not be regarded as an indication that the Partnership, Holdings or their representatives considered or consider the projections to be a reliable or accurate prediction of future performance or events, and the summary projections set forth below should not be relied upon as such.

The accompanying projections were not prepared with a view toward public disclosure or toward compliance with GAAP, the published guidelines of the SEC, or the guidelines established by the American Institute of Certified Public Accountants, but, in the view of the management of the Partnership GP, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of Partnership GP management's knowledge and belief, the expected course of action and the expected future financial performance of the Partnership.

Neither Deloitte & Touche LLP nor any other independent registered public accounting firm has compiled, examined or performed any procedures with respect to the projections, nor has it expressed any opinion or any other form of assurance on such information or its achievability, and assumes no responsibility for, and disclaims any association with, the projections. The Deloitte & Touche LLP reports incorporated by reference into this proxy statement/prospectus relate to historical financial information of the Partnership and Holdings. Such reports do not extend to the projections included below and should not be read to do so. The respective boards of directors and the Audit, Conflicts and Governance Committees of the Partnership GP and Holdings GP did not prepare, and do not give any assurance regarding, the summarized information.

In developing the projections, the management of Partnership GP made numerous material assumptions with respect to the Partnership and Holdings for the period 2011 to 2015, including:

growth capital investments and the amounts and timing of related costs and potential economic returns;

outstanding debt during applicable periods, and the availability and cost of capital;

the cash flow from existing assets and business activities, including distribution growth by Energy Transfer Equity, an entity not controlled by either Holdings or the Partnership;

the prices of, production level of, and demand for crude oil, natural gas, NGLs and other hydrocarbon products; and

other general business, market and financial assumptions.

The assumptions used in the projections for 2013-2015 also included the following:

that the Partnership's distributions would grow at the greater of 5% or \$0.12 per Partnership common unit per year;

that the Partnership's EBITDA would grow based on the median of the historical and forecast annual EBITDA growth rates from 2009-2012; and

that the Partnership's maintenance capital expenditures during each year, as a percentage of EBITDA for such year, would equal the average percentage of historical and forecast EBITDA over 2009-2012.

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Additional assumptions were made with respect to the size, availability, timing and anticipated results of, and cash flows from, growth capital investments. All of these assumptions involve variables making them difficult to predict, and most are beyond the control of the Partnership and Holdings. Although management of the Partnership GP and Holdings believe that there was a reasonable basis for their projections and underlying assumptions, any assumptions for near-term projected cases remain uncertain, and the risk of inaccuracy increases with the length of the forecasted period.

***The Partnership***

The following table sets forth projected financial information for the Partnership for 2011, 2012, 2013, 2014 and 2015.

	2011E	2012E	2013E	2014E	2015E
	(Dollars in millions)				
Adjusted EBITDA(1)	\$ 3,252	\$ 3,622	\$ 3,929	\$ 4,263	\$ 4,625
Distributable cash flow(2)	\$ 2,271	\$ 2,443	\$ 2,672	\$ 2,877	\$ 3,087

***Holdings***

The following table sets forth projected financial information for Holdings for 2011, 2012, 2013, 2014 and 2015.

	2011E	2012E	2013E	2014E	2015E
	(Dollars in millions)				
Adjusted EBITDA(3)	\$ 442	\$ 490	\$ 532	\$ 575	\$ 620
Distributable cash flow(4)	\$ 410	\$ 447	\$ 483	\$ 523	\$ 565

- (1) Adjusted EBITDA of the Partnership represents net income or loss attributable to the Partnership less equity earnings from unconsolidated affiliates, plus distributions received from unconsolidated affiliates, interest expense, provision for income taxes and depreciation, amortization and accretion expense.
- (2) Distributable cash flow to the Partnership is defined as net income or loss attributable to the Partnership adjusted for: (i) the addition of depreciation, amortization and accretion expense; (ii) the addition of operating lease expenses for which the Partnership does not have the payment obligation; (iii) the addition of cash distributions received from unconsolidated affiliates less equity earnings from unconsolidated affiliates; (iv) the subtraction of sustaining capital expenditures and cash payments to settle asset retirement obligations; (v) the addition of losses or subtraction of gains from asset sales and related transactions; (vi) the addition of cash proceeds from asset sales or related transactions; (vii) the return of an investment in an unconsolidated affiliate (if any); (viii) the addition of losses or subtraction of gains on the monetization of financial instruments recorded in accumulated other comprehensive income (loss), if any, less related amortization of such amounts to earnings; (ix) the addition of net income attributable to the noncontrolling interest associated with the public unitholders of Duncan Energy Partners L.P. ( Duncan Energy Partners ), less related cash distributions to be paid to such unitholders with respect to the period of calculation; and (x) the addition or subtraction of other miscellaneous non-cash amounts (as applicable) that affect net income or loss for the period.

(3) Adjusted EBITDA of Holdings represents cash distributions received by Holdings less general and administrative expense.

(4) Distributable cash flow to Holdings is defined as Adjusted EBITDA of Holdings less interest expense.

Adjusted EBITDA is not a financial measure prepared in accordance with GAAP and should not be considered a substitute for net income (loss) or cash flow data prepared in accordance with GAAP.

Distributable cash flow is not a financial measure prepared in accordance with GAAP and should not be considered a substitute for net income (loss) or cash flow data prepared in accordance with GAAP.



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NEITHER THE PARTNERSHIP NOR HOLDINGS INTENDS TO UPDATE OR OTHERWISE REVISE THE ABOVE PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS ARE NO LONGER APPROPRIATE.

**Opinion of the Holdings ACG Committee's Financial Advisor**

The Holdings ACG Committee retained Morgan Stanley to act as its financial advisor in connection with the transaction on July 20, 2010. The Holdings ACG Committee selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and reputation and its knowledge of the business and affairs of Holdings as a result of a prior engagement by the Holdings ACG Committee. At the meeting of the Holdings ACG Committee on September 3, 2010, Morgan Stanley rendered to the Holdings ACG Committee its oral opinion, subsequently confirmed in writing, that, as of such date and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in the written opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of the Holdings units (other than the Holdings supporting unitholders).

**The full text of the written opinion of Morgan Stanley, dated September 3, 2010, is attached as Annex E to this proxy statement/prospectus and is incorporated by reference in its entirety into this proxy statement/prospectus. The opinion sets forth, among other things, the assumptions made, specified work performed, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. You should read the opinion carefully and in its entirety. Morgan Stanley's opinion is directed to the Holdings ACG Committee and addresses only the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to the holders of the Holdings units (other than the Holdings supporting unitholders) as of the date of the opinion. It does not address any other aspect of the merger or related transactions and does not constitute a recommendation to any unitholder of Holdings as to how to vote or act on any matter with respect to the merger or related transactions. In addition, the opinion does not in any manner address the prices at which the Holdings units or the Partnership common units will trade at any time. The summary of the opinion of Morgan Stanley set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

In arriving at its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other business and financial information of Holdings and the Partnership, respectively;

reviewed certain internal financial statements and other financial and operating data concerning Holdings and the Partnership, respectively;

reviewed certain financial projections prepared by the management of the Partnership GP with respect to the future performance of the Partnership and with respect to the future performance of Holdings;

reviewed certain financial projections, provided by or on behalf of the management of Holdings GP, with respect to the future performance of Holdings;

reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the management of the Partnership GP;

discussed the past and current operations and financial condition and the prospects of the Partnership and Holdings, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of the Partnership GP;

discussed the past and current operations and financial condition and the prospects of Holdings (including the projections of such operations, financial condition and prospects by the Partnership), with senior executives of Holdings GP;

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reviewed the pro forma impact of the merger on the Partnership's cash flow, consolidated capitalization and financial ratios;

reviewed the reported prices and trading activity for the units of Holdings and the common units of the Partnership;

compared the financial performance of Holdings and the Partnership and the prices and trading activity of the Holdings units and the Partnership common units with that of certain other publicly-traded master limited partnerships comparable to Holdings and the Partnership, respectively, and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in certain discussions and negotiations among representatives of Holdings and the Partnership and certain parties and their financial and legal advisors;

reviewed the merger agreement, GP merger agreement, distribution waiver agreement and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by Holdings and the Partnership, and formed a substantial basis for its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the merger, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Partnership GP and of Holdings GP of the future financial performance of the Partnership and Holdings, respectively. Morgan Stanley understood from the management of Holdings GP that the future financial performance of Holdings is significantly contingent on the financial performance of the Partnership, with a minority proportion of such future performance related to the performance of other unrelated investments held by Holdings, including an investment in Energy Transfer Equity and its general partner. In addition, Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement and the GP merger agreement without any material waiver, amendment or delay of any terms or conditions thereof and that the waiver of distributions contemplated by the distribution waiver agreement will occur in accordance with the distribution waiver agreement without any material waiver, amendment or delay of any terms or conditions thereof. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger.

In its opinion, Morgan Stanley noted that it is not a legal, tax or regulatory advisor, that it is a financial advisor only and relied upon, without independent verification, the assessments of the Partnership and Holdings and their legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Holdings' officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of the Holdings units in the transaction. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Holdings or the Partnership, nor was it furnished with any such appraisals. Morgan Stanley's opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as

of, the date of the opinion. Events occurring after the date of the opinion may affect Morgan Stanley's opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction, involving

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Holdings, nor did it negotiate with any party other than the Partnership regarding the possible acquisition of Holdings or certain of its constituent businesses. Morgan Stanley's opinion did not address the relative merits of the merger as compared to any other alternative business transaction, or other alternatives, whether or not such alternatives could be achieved or are available, nor did it address the underlying business decision by Holdings and the Holdings ACG Committee to enter into the merger. Morgan Stanley understood that certain of the Holdings supporting unitholders specifically notified the Holdings ACG Committee that they would not support any alternative transaction at this time.

The following is a brief summary of the material analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion dated September 3, 2010. In connection with arriving at its opinion, Morgan Stanley considered all of its analyses as a whole and did not attribute any particular weight to any analysis described below. Considering any portion of such analyses and factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley's opinion. This summary of financial analyses includes information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.

***Equity Research Analyst Price Targets Analysis***

Morgan Stanley reviewed and analyzed the public market trading price targets for Holdings units prepared and published by equity research analysts during the period from July 26, 2010 through August 24, 2010. These targets reflect each analyst's estimate of the future public trading price of the Holdings units as of their respective dates. Morgan Stanley noted that such analyst price targets for Holdings units ranged from \$47.00 to \$56.00 per Holdings unit.

Morgan Stanley also reviewed and analyzed the public market trading price targets for Partnership common units prepared and published by equity research analysts during the period from March 19, 2010 through August 24, 2010. These targets reflect each analyst's estimate of the future public trading price of the Partnership common units as of their respective dates. Morgan Stanley noted that such analyst price targets for Partnership common units ranged from \$39.00 to \$43.00 per Partnership common unit.

Morgan Stanley calculated the implied exchange ratios by dividing the minimum and maximum of the public market trading price targets of Holdings units by those of Partnership common units. The following table lists the implied exchange ratios, compared to an exchange ratio of 1.500x for the merger:

<b>Analyst Price Targets</b>	<b>Holdings Unit Price Target</b>	<b>Partnership Common Unit Price Target</b>	<b>Implied Exchange Ratio</b>
Minimum	\$ 47.00	\$ 39.00	1.205x
Maximum	56.00	43.00	1.302x

The public market trading price targets published by equity research analysts do not necessarily reflect current market trading prices for Holdings units or Partnership common units and these estimates are subject to uncertainties, including the future financial performance of Holdings and the Partnership and future financial market conditions.

***Historical Unit Price and Exchange Ratio Analyses***

Morgan Stanley reviewed the unit price performance of each of Holdings and the Partnership during various periods ending on September 2, 2010.

Morgan Stanley noted that the range of low and high closing prices of the Holdings units during the twelve-month period ending on September 2, 2010 was \$27.29 to \$52.28 per Holdings unit. Morgan Stanley then noted that the range of low and high closing prices of the Holdings units during the six-month period ending on September 2, 2010 was \$40.42 to \$52.28 per Holdings unit.

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Morgan Stanley noted that the range of low and high closing prices of Partnership common units during the twelve-month period ending on September 2, 2010 was \$26.30 to \$38.73 per Partnership common unit. Morgan Stanley then noted that the range of low and high closing prices of the Partnership common units during the six-month period ending on September 2, 2010 was \$31.68 to \$38.73 per Partnership common unit.

Morgan Stanley calculated the historical exchange ratios implied by dividing the low and high closing prices of Holdings units by those of Partnership common units for the last twelve months and six months, respectively. The following table lists the implied exchange ratios for these periods, compared to an exchange ratio of 1.500x for the merger:

<b>Time Period</b>	<b>Implied Exchange Ratio Range</b>
Last Twelve Months	1.038x - 1.350x
Last Six Months	1.276x - 1.350x

***Comparable Company Analysis***

Morgan Stanley performed a comparable company analysis, which is designed to provide an implied value of a company by comparing it to similar companies. In performing this analysis, Morgan Stanley reviewed and compared certain financial information of Holdings and the Partnership, respectively, with publicly available information for selected master limited partnerships ( MLPs ) with publicly traded equity securities.

The selected companies were chosen because they are MLPs with publicly traded equity securities and were deemed to be similar to Holdings and the Partnership, respectively, in one or more respects including the nature of their business, size, diversification, financial performance and geographic concentration. No specific numeric or other similar criteria were used to choose the selected companies and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly larger or smaller company with substantially similar lines of businesses and business focus may have been included while a similarly sized company with less similar lines of business and greater diversification may have been excluded. Morgan Stanley identified a sufficient number of companies for the purposes of its analysis but may not have included all companies that might be deemed comparable to Holdings and the Partnership, respectively.

The selected MLPs with publicly traded equity securities for the comparable company analysis for Holdings were:

Alliance Holdings GP, L.P.

Atlas Pipeline Holdings, L.P.

Buckeye GP Holdings L.P.

Crosstex Energy, Inc.

Energy Transfer Equity, L.P.

Inergy Holdings, L.P.

NuStar GP Holdings, LLC

The financial data for comparable companies were obtained from FactSet.

The financial data reviewed for Holdings included:

the ratio of aggregate value, defined as market capitalization plus total debt, preferred equity and noncontrolling interests less cash and cash equivalents, to estimated earnings before interest, taxes, depreciation and amortization ( EBITDA ) for calendar years 2011 and 2012 (in each case, based on Partnership GP management projections and projections provided by or on behalf of the management of Holdings GP); and

the current distributed cash flow yield.



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The comparable company analysis for Holdings indicated the following high, low, mean and median multiples for the selected MLPs and for Holdings as of September 2, 2010:

<b>Multiple Description</b>	<b>High</b>	<b>Low</b>	<b>Mean</b>	<b>Median</b>	<b>Yield and Multiples for Holdings Based on Closing Price on 9/2/2010</b>
Current Distributed Cash Flow Yield	6.1%	4.3%	5.2%	5.0%	4.6%
Aggregate Value to EBITDA for CY 2011E	20.8x	15.0x	17.0x	16.3x	17.9x
Aggregate Value to EBITDA for CY 2012E	25.7x	13.8x	16.5x	14.9x	16.2x

The selected MLPs with publicly traded equity securities for the comparable company analysis for the Partnership were:

Duncan Energy Partners L.P.

Enbridge Energy Partners, L.P.

Energy Transfer Partners, L.P.

Kinder Morgan Energy Partners, L.P.

ONEOK Partners, L.P.

Regency Energy Partners LP

Williams Partners L.P.

The financial data for comparable companies were obtained from FactSet.

The financial data reviewed for the Partnership included:

the ratio of aggregate value, adjusted for the percentage of cash flow paid to the general partner, to EBITDA for calendar years 2011 and 2012 (in each case, based on Partnership GP management projections); and

the current distributed cash flow yield.

The comparable company analysis for the Partnership indicated the following high, low, mean and median multiples for the selected MLPs and for the Partnership as of September 2, 2010:

**Yield and**

<b>Multiple Description</b>	<b>High</b>	<b>Low</b>	<b>Mean</b>	<b>Median</b>	<b>Multiples for the Partnership Based on Closing Price on 9/2/2010</b>
Current Distributed Cash Flow Yield	7.6%	6.0%	6.7%	6.4%	6.0%
Adj. Aggregate Value to EBITDA for CY 2011E(1)	16.8x	10.6x	12.8x	12.2x	12.8x
Adj. Aggregate Value to EBITDA for CY 2012E(1)	13.6x	10.5x	11.6x	11.2x	11.5x

(1) Aggregate value adjusted for percentage of cash flow paid to the general partner.

Morgan Stanley applied multiple ranges based on the comparable company analysis to corresponding financial data for Holdings and the Partnership, based on Partnership GP management forecasts and forecasts provided by or on behalf of the management of Holdings GP, respectively, to calculate an implied exchange ratio reference range. The comparable company analysis indicated an implied exchange ratio range of 1.054x to 1.369x for 2011 estimated EBITDA, 0.981x to 1.166x for 2012 estimated EBITDA and 1.217x to 1.299x for current distributed cash flow yield, as compared to an exchange ratio of 1.500x for the merger.

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No company utilized in the comparable company analysis is identical to either Holdings or the Partnership. In evaluating the comparable companies, Morgan Stanley made judgments and assumptions with regard to general business, economic, market and financial conditions and other matters, which are beyond the control of Holdings and the Partnership, such as the impact of competition on the business of Holdings, the Partnership or the industry generally, industry growth and the absence of any adverse material change in the financial condition of Holdings, the Partnership or the industry or in the financial markets in general, which could affect the public trading value of the companies. Mathematical analysis (such as determining the mean, median, high or low) is not in itself a meaningful method of using comparable company data.

***Discounted Equity Value Analysis***

Morgan Stanley calculated a range of equity values per unit for each of Holdings and the Partnership based on a discounted equity value analysis, which is designed to provide insight into the future price of a company's common equity as a function of its current distributed cash flow yield and the company's future distributions per unit based on Partnership GP management estimates, and management estimates provided by or on behalf of Holdings, for calendar years 2011 through 2015. Morgan Stanley also calculated a range of equity values per unit for each of Holdings and the Partnership based on the mean of equity research analyst estimates for calendar years 2011 through 2014 (the final year for which detailed equity research analyst estimates were available at the date of the relevant analyses).

In arriving at the estimated equity values per Holdings unit, Morgan Stanley applied a 4.5% to 6.0% yield range to 2011 through 2015 distributions per unit (such yield range was applied to calendar years 2011 through 2015 for Partnership GP management estimates, and management estimates provided by or on behalf of Holdings, and to calendar years 2011 through 2014 for equity research analyst estimates) and discounted those values and the future distributions paid each year using a range of cost of equity from 9.6% to 13.3%. Based on Partnership GP management estimates, and management estimates provided by or on behalf of Holdings GP management, this analysis implied a range for Holdings units of \$42.86 to \$57.30 per Holdings unit for 2011 and \$44.97 to \$64.56 per Holdings unit for 2015. Based on the mean of equity research analyst estimates, this analysis implied a range for Holdings units of \$42.24 to \$56.46 per Holdings unit for 2011 and \$44.69 to \$63.11 per Holdings unit for 2014.

In arriving at the estimated equity values per Partnership common unit, Morgan Stanley applied a 6.0% to 7.5% yield range to 2011 through 2015 distributions per common unit (such yield range was applied to calendar years 2011 through 2015 for Partnership GP management estimates and to calendar years 2011 through 2014 for equity research analyst estimates), and discounted those values and the future distributions paid each year using a range of cost of equity from 9.1% to 11.5%. Based on Partnership GP management estimates, this analysis implied a range for Partnership common units of \$32.98 to \$41.09 per Partnership common unit for 2011 and \$34.44 to \$44.08 per Partnership common unit for 2015. Based on the mean of equity research analyst estimates, this analysis implied a range for Partnership common units of \$33.35 to \$41.55 per Partnership common unit for 2011 and \$34.63 to \$44.04 per Partnership common unit for 2014.

Morgan Stanley noted that the discounted equity value analysis of each of Holdings and the Partnership indicated the following ranges of implied exchange ratios, compared to an exchange ratio of 1.500x for the merger:

<b>Discounted Equity Value Method</b>	<b>Implied Exchange Ratio Range</b>
2011 Holdings GP and the Partnership GP Management Estimates	1.300x - 1.394x
2011 Mean of Equity Research Analyst Estimates	1.266x - 1.359x

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2015 Holdings GP and the Partnership GP Management Estimates  
2014 Mean of Equity Research Analyst Estimates

1.306x - 1.465x  
1.291x - 1.433x

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***Discounted Cash Flow Analysis***

Morgan Stanley performed a discounted cash flow analysis, which is designed to provide an implied value of a company by calculating the present value of the estimated future cash flows and terminal value of the company. Morgan Stanley calculated ranges of implied equity values per unit for each of Holdings and the Partnership, based on Partnership GP management estimates, and management estimates provided by or on behalf of Holdings, of future distributions per unit for calendar years 2011 through 2015, and based on the mean of equity research analyst estimates of future distributions per unit for calendar years 2011 through 2014, respectively.

In arriving at the estimated equity values per Holdings unit, Morgan Stanley noted the estimated distributions for each projected calendar year and then calculated the terminal value by applying a range of terminal yields in the terminal year ranging from 4.5% to 6.0%. The distributions and the terminal value were then discounted to present values using a range of cost of equity from 9.6% to 13.3%. Based on the calculations set forth above, this analysis implied a range for Holdings units of \$45.66 to \$65.09 per Holdings unit based on Partnership GP management estimates and estimates provided by or on behalf of Holdings, and \$45.25 to \$63.53 per Holdings unit based on the mean of equity research analyst estimates.

In arriving at the estimated equity values per Partnership common unit, Morgan Stanley noted the estimated distributions for each projected calendar year and then calculated the terminal value by applying a range of terminal yields in the terminal year ranging from 6.0% to 7.5%. The distributions and the terminal value were then discounted to present values using a range of cost of equity, from 9.1% to 11.5%. Based on the calculations set forth above, this analysis implied a range for Partnership common units of \$34.99 to \$44.54 per Partnership common unit based on the Partnership's management estimates and \$35.09 to \$44.42 per Partnership common unit based on the mean of equity research analyst estimates.

Morgan Stanley noted that the discounted cash flow analysis of each of Holdings and the Partnership indicated a range of implied exchange ratios of 1.305x to 1.461x based on Holdings GP and Partnership GP management estimates, and 1.289x to 1.430x based on the mean of equity research analyst estimates, compared to an exchange ratio of 1.500x for the merger.

***Precedent General Partner Buyouts Analysis***

Morgan Stanley calculated various multiples of transaction value to certain financial data based on the purchase prices paid in selected publicly announced general partner buyout transactions that it deemed relevant.

The selected transactions were chosen because the target companies were the general partners of MLPs deemed to be similar to Holdings in one or more respects including the nature of their business, size, diversification, financial performance and geographic concentration. No specific numeric or other similar criteria were used to choose the selected transactions and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a transaction involving the acquisition of a significantly larger or smaller company with substantially similar lines of businesses and business focus may have been included while a transaction involving the acquisition of a similarly sized company with less similar lines of business and greater diversification may have been excluded. Morgan Stanley identified a sufficient number of transactions for purposes of its analysis, but may not have included all transactions that might be deemed comparable to the proposed transaction. The selected transactions were:

MarkWest Energy Partners, L.P./MarkWest Hydrocarbon, Inc.

Magellan Midstream Partners, L.P./Magellan Midstream Holdings, L.P.

Buckeye Partners, L.P./Buckeye GP Holdings L.P.

Inergy, L.P./Inergy Holdings, L.P.

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The calculated multiples included:

the ratio of aggregate value less the market value of the limited partner units held by the general partner, to EBITDA less the EBITDA derived from the limited partner units for FY +1 and FY +2; and

the ratio of the equity value less the market value of the limited partner units held by the general partner to the total distributable cash flow less the distributable cash flow derived from the limited partner units for FY +1 and FY +2.

The selected transactions analysis indicated the following:

<b>Multiple Description</b>	<b>High</b>	<b>Low</b>	<b>Mean</b>	<b>Median</b>	<b>Implied Multiples for Holdings Based on Merger Consideration</b>
Disaggregated Aggregate Value to EBITDA for FY +1	25.8x	11.6x	20.4x	22.1x	22.9x
Disaggregated Aggregate Value to EBITDA for FY +2	20.9x	9.8x	17.4x	19.5x	20.2x
Price to Disaggregated Distributable Cash Flow for FY +1	25.8x	11.6x	20.5x	22.3x	21.6x
Price to Disaggregated Distributable Cash Flow for FY +2	20.9x	9.8x	17.4x	19.4x	19.4x

Morgan Stanley applied multiple ranges based on the selected transactions analysis to corresponding financial data for Holdings based on Partnership GP management forecasts, and forecasts provided by or on behalf of Holdings, to calculate an implied exchange ratio reference range. The selected transactions analyses indicated an implied exchange ratio range of 0.830x to 1.703x, compared to an exchange ratio of 1.500x for the merger.

Morgan Stanley also calculated the aggregated and disaggregated price premiums paid in the selected transactions and for the merger based on the price implied by the offered exchange ratio for each respective transaction as compared to the average market price per unit for the one-day, one-month, three-month, six-month and one-year periods prior to the announcement of the selected transactions and prior to September 2, 2010 for the merger. In addition, Morgan Stanley calculated the aggregated premium to historical trading relationship in the selected transactions and for the merger based on the offered exchange ratio for each respective transaction and the historical average exchange ratio for the general partner and limited partner units for the one-day, one-month, three-month, six-month and one-year periods prior to the announcement of the selected transactions and prior to September 2, 2010 with respect to the merger. The premiums paid analysis indicated the following:

**Implied  
Premium  
for**

<b>Aggregated Price Premiums</b>	<b>High</b>	<b>Low</b>	<b>Mean</b>	<b>Median</b>	<b>Holdings Based on Merger Consideration</b>
One Day Prior	32%	5%	21%	24%	17%
One Month Average	32%	14%	21%	18%	16%
Three Month Average	26%	12%	21%	23%	18%
Six Month Average	32%	5%	20%	22%	22%
One Year Average	57%	(6)%	31%	36%	39%



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<b>Disaggregated Price Premiums</b>	<b>High</b>	<b>Low</b>	<b>Mean</b>	<b>Median</b>	<b>Implied Premium for Holdings Based on Merger Consideration</b>
One Day Prior	32%	5%	23%	28%	24%
One Month Average	32%	15%	23%	22%	22%
Three Month Average	28%	18%	23%	23%	24%
Six Month Average	35%	9%	22%	22%	30%
One Year Average	61%	(6)%	34%	40%	52%

<b>Premium to Historical Average Trading Price Ratio</b>	<b>High</b>	<b>Low</b>	<b>Mean</b>	<b>Median</b>	<b>Implied Premium for Holdings Based on Merger Consideration</b>
One Day Prior	32%	5%	21%	24%	17%
One Month Average	32%	9%	24%	26%	13%
Three Month Average	33%	12%	23%	23%	13%
Six Month Average	29%	14%	21%	20%	14%
One Year Average	35%	15%	25%	25%	20%

No company or transaction utilized in the precedent general partner buyouts analysis is identical to Holdings, the Partnership, or the merger. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to general business, market and financial conditions and other matters, which are beyond the control of Holdings and the Partnership, such as the impact of competition on the business of Holdings, the Partnership or the industry generally, industry growth and the absence of any adverse material change in the financial condition of Holdings, the Partnership or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared.

***Pro Forma Accretion/Dilution Analysis***

Using financial projections provided by the management of the Partnership GP, and projections provided by or on behalf of management of Holdings GP, Morgan Stanley calculated the accretion/dilution of the estimated distributable cash flow and distributions to the existing unitholders of Holdings on a per unit basis. For each of the years ended December 31, 2011 through December 31, 2015, Morgan Stanley compared the distributable cash flow and distributions per unit of the pro forma entity to the distributable cash flow and distributions per unit of Holdings as a stand-alone entity. The analysis indicated that the merger would be accretive to Holdings' distributable cash flow and distributions per unit for calendar years 2011 through 2015 based on projections provided by the management of the Partnership GP with respect to 2011 and 2012 and its financial advisor with respect to 2013-2015, and projections provided by or on behalf of management of Holdings GP. In addition, the merger would also be accretive to Holdings

distributable cash flow and distributions per unit in each year based on Partnership distributions increasing at 3%, 5% and 7% per year from 2011 through 2014, respectively.

***General***

In connection with the review of the merger by the Holdings ACG Committee, Morgan Stanley performed a variety of financial and comparative analyses and reviewed such underlying data as Morgan Stanley deemed relevant for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Furthermore, Morgan Stanley believes that the summary provided and the analyses described above must be considered as a

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whole and that selecting any portion of the analyses, without considering all of the analyses as a whole, would create an incomplete view of the process underlying Morgan Stanley's analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be the view of Morgan Stanley with respect to the actual value of Holdings or the Partnership. In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business, regulatory, economic, market and financial conditions and other matters. Many of these assumptions are beyond the control of Holdings and the Partnership. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness of the exchange ratio pursuant to the merger agreement from a financial point of view to the holders of the Holdings units (other than the Holdings supporting unitholders) and in connection with the delivery of its opinion to the Holdings ACG Committee. These analyses do not purport to be appraisals or to reflect the prices at which the Holdings units or the Partnership common units might actually trade.

Morgan Stanley's opinion and its presentation to the Holdings ACG Committee was one of many factors taken into consideration by the Holdings ACG Committee in deciding to approve and recommend that the Holdings Board authorize the execution of the merger agreement, the GP merger agreement and the related documents and the transactions contemplated thereby. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the Holdings ACG Committee with respect to the exchange ratio or of whether the Holdings ACG Committee would have been willing to agree to a different exchange ratio. The exchange ratio was determined through arm's-length negotiations between the Holdings ACG Committee, and the Partnership and the Partnership ACG Committee. Morgan Stanley provided advice to the Holdings ACG Committee during these negotiations. Morgan Stanley did not, however, recommend any specific exchange ratio to the Holdings ACG Committee or that any specific exchange ratio constituted the only appropriate exchange ratio for the merger.

Morgan Stanley's opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of Holdings, the Partnership, or any other company, or any currency or commodity, that may be involved in this transaction, or any related derivative instrument. During the two-year period prior to the date of Morgan Stanley's opinion, Morgan Stanley provided financial advisory and financing services unrelated to the merger to each of Holdings and the Partnership, including acting as a financial advisor to the Holdings ACG Committee in connection with the merger of the Partnership and TEPPCO in 2009. For its financial advisory services rendered to the Holdings ACG Committee in that engagement, Holdings paid Morgan Stanley \$3 million and reimbursed Morgan Stanley for its expenses incurred in performing its services. Morgan Stanley may also seek to provide such services to Holdings and the Partnership in the future and expects to receive fees for the rendering of these services.

Under the terms of its engagement letter with the Holdings ACG Committee, Morgan Stanley provided the Holdings ACG Committee with financial advisory services in connection with the merger for which the Holdings ACG Committee has agreed to pay Morgan Stanley a transaction fee of \$8 million, which is contingent upon, and will

become payable upon, closing of the merger. The Holdings ACG Committee may also determine, in its sole discretion, whether to pay Morgan Stanley an additional discretionary fee of up to

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\$2 million if their engagement extends for a protracted period, also payable upon the closing of the merger. The Holdings ACG Committee has also agreed to reimburse Morgan Stanley for its expenses incurred in performing its services. In addition, the Holdings ACG Committee has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement.

## **No Appraisal Rights**

Holdings unitholders do not have appraisal rights under Holdings' partnership agreement, the merger agreement or applicable Delaware law.

## **Antitrust and Regulatory Matters**

Due to rules applicable to partnerships and the common control of Holdings and the Partnership, no filing is required under the HSR Act and the rules promulgated thereunder by the FTC. However, at any time before or after completion of the merger, the DOJ, the FTC, or any state could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the merger, to rescind the merger or to seek divestiture of particular assets of the Partnership or Holdings. Private parties also may seek to take legal action under the antitrust laws under certain circumstances. In addition, non-U.S. governmental and regulatory authorities may seek to take action under applicable antitrust laws. A challenge to the merger on antitrust grounds may be made and, if such a challenge is made, it is possible that the Partnership and Holdings will not prevail.

## **Listing of Common Units to be Issued in the Merger**

The Partnership expects to obtain approval to list on the NYSE the Partnership common units to be issued pursuant to the merger agreement, which approval is a condition to closing the merger.

## **Accounting Treatment**

The merger will be accounted for in accordance with Financial Accounting Standards Board Accounting Standards Codification 810, *Consolidations – Overall – Changes in Parent's Ownership Interest in a Subsidiary*, which is referred to as FASB ASC 810. Holdings is considered as the surviving consolidated entity for accounting purposes rather than the Partnership, which is the surviving consolidated entity for legal and reporting purposes. Therefore, the changes in Holdings' ownership interest will be accounted for as an equity transaction and no gain or loss will be recognized as a result of the merger.

## **Pending Litigation**

### ***Litigation Related to the Merger***

On September 9, 2010 Sanjay Israni, a purported Holdings unitholder, filed a complaint in the Court of Chancery of the State of Delaware as a putative class action on behalf of Holdings unitholders, captioned *Sanjay Israni v. EPE Holdings LLC, Enterprise GP Holdings L.P., Enterprise Products Company, Enterprise Products Partners L.P., Oscar S. Andras, Ralph S. Cunningham, Richard H. Bachmann, Randa Duncan Williams, Thurmon M. Andress, Charles E. McMahan, Edwin E. Smith and B.W. Waycaster*. The Israni Complaint alleges, among other things, that the named directors, EPCO and the Partnership have breached fiduciary duties in connection with the proposed merger and that Holdings aided and abetted in these alleged breaches of fiduciary duties.

On September 24, 2010 Richard Fouke, another purported Holdings unitholder, filed a complaint in the Court, as a putative class action on behalf of Holdings unitholders, captioned *Richard Fouke v. EPE Holdings LLC, Enterprise GP Holdings L.P., Enterprise Products Company, Enterprise Products Partners L.P., Enterprise Products GP, LLC, Oscar S. Andras, Ralph S. Cunningham, Richard H. Bachmann, Randa Duncan Williams, Thurmon M. Andress, Charles E. McMahan, Edwin E. Smith and B.W. Waycaster*. The Fouke Complaint alleges, among other things, that the named directors, Holdings GP, the Partnership, the Partnership GP and EPCO breached the implied contractual covenant of good faith and fair dealing in connection with the proposed merger and that Holdings and the other defendants aided and abetted in the alleged breach.

Additionally, on September 28, 2010, Eugene Lonergan, Sr., a third purported Holdings unitholder, filed a complaint in the Court, as a putative class action on behalf of Holdings unitholders, captioned

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*Eugene Lonergan, Sr. v. EPE Holdings LLC, Enterprise GP Holdings L.P., Oscar S. Andras, Ralph S. Cunningham, Richard H. Bachmann, Randa Duncan Williams, Thurmon M. Andress, Charles E. McMahan, Edwin E. Smith and B.W. Waycaster.* The Lonergan Complaint alleges that the named directors and Holdings GP breached the implied contractual covenant of good faith and fair dealing, including failing to make adequate disclosures, in connection with the proposed merger. On October 8, 2010, the Court held a hearing on a motion by the plaintiff to expedite the proceedings. On October 11, 2010, the Court denied the motion.

Finally, on October 11, 2010, John Psomas, a purported Partnership unitholder, filed a complaint in the Court, as a putative class action on behalf of Partnership unitholders, captioned *John Psomas v. Enterprise Products Partners L.P., Enterprise Products GP, LLC, Michael A. Creel, W. Randall Fowler, A. James Teague, Michael J. Knesek, E. William Barnett, Charles M. Rampacek and Rex C. Ross.* The Psomas Complaint alleges that the Partnership and the Partnership GP breached the Partnership's partnership agreement by failing to submit the merger agreement to a Partnership unitholder vote and that the named directors breached their fiduciary duties of candor and full disclosure.

Each of these complaints seeks to enjoin the proposed merger transaction and, in the event the merger is consummated, the Psomas Complaint seeks a Partnership unitholder vote to ratify approval of the merger and damages resulting from the directors' alleged breaches of fiduciary duties. The Partnership and Holdings cannot predict the outcome of these or any other lawsuits that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can the Partnership and Holdings predict the amount of time and expense that will be required to resolve these lawsuits. The Partnership and Holdings intend to vigorously defend against these and any other actions.

## ***Other Litigation***

In February 2008, Joel A. Gerber, a purported unitholder of Holdings, filed a derivative complaint on behalf of Holdings in the Court of Chancery of the State of Delaware. The amended complaint names as defendants Holdings GP, the Holdings Board, EPCO, and Dan L. Duncan and certain of his affiliates. Holdings is also named as a nominal defendant. The complaint alleges that the defendants, in breach of their fiduciary duties to Holdings and its unitholders, caused Holdings to purchase in May 2007 the membership interests in the general partner of TEPPCO and TEPPCO units from Mr. Duncan's affiliates at an unfair price. The complaint also alleges that Charles E. McMahan, Edwin E. Smith and Thurmon M. Andress, constituting the three members of the Audit, Conflicts and Governance Committee of the Holdings Board at the time of the challenged transaction, cannot be considered independent because of their relationships with Mr. Duncan. The complaint seeks relief (i) awarding damages for profits allegedly obtained by the defendants as a result of the alleged wrongdoings in the complaint and (ii) awarding plaintiff costs of the action, including fees and expenses of his attorneys and experts. Management believes this lawsuit is without merit and intends to vigorously defend against it.

## **Transactions Related to the Merger**

### ***Support Agreement***

In connection with the merger agreement, the Partnership entered into the support agreement with the Holdings supporting unitholders pursuant to which the Holdings supporting unitholders, who directly own 105,739,220 Holdings units (representing approximately 76% of the outstanding Holdings units and a sufficient vote for approval of the merger agreement if voted in favor thereof), agreed to vote their Holdings units (i) in favor of the adoption of the merger agreement, any transactions contemplated by the merger agreement and any other action reasonably requested by the Partnership in furtherance thereof, submitted for the vote or written consent of Holdings unitholders, (ii) against any action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of Holdings or Holdings GP or any of their subsidiaries contained in the merger

agreement, and (iii) against any action, agreement or transaction that would impede, interfere with, delay, postpone, discourage, frustrate the purposes of or adversely affect the merger or the transactions contemplated by the merger agreement.

The support agreement will terminate automatically on December 31, 2010 or upon any earlier termination of the merger agreement. In addition, the Holdings supporting unitholders may terminate their obligations under the support agreement, including their obligations to execute and deliver the distribution waiver agreement, (1) after any change in recommendation by the Holdings ACG Committee permitted under the merger agreement, (2) after



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any change in, or a failure to maintain, the Holdings ACG Committee's Special Approval in accordance with the Holdings partnership agreement and (3) after the occurrence of certain specified changes in U.S. federal income tax law if such changes occur prior to the closing of the merger.

The foregoing description of the support agreement is qualified in its entirety by reference to the full text of the support agreement, a copy of which is attached as Annex D to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

***Fourth Amendment to the Holdings Partnership Agreement***

Pursuant to the merger agreement and immediately prior to the effective time of the merger, Holdings' existing partnership agreement will be amended to provide for the transformation of the approximate 0.01% economic interest of the general partner in Holdings owned by Holdings GP into 13,921 Holdings units representing an approximate 0.01% limited partner interest in Holdings and a non-economic general partner interest in Holdings, in accordance with a Fourth Amendment to the First Amended and Restated Agreement of Limited Partnership of Holdings, the form of which is attached as Annex A to the merger agreement.

***GP Merger***

Immediately following the transformation of the general partner interest in Holdings and pursuant to the GP merger agreement, the Partnership GP (currently a wholly owned subsidiary of Holdings) will merge with and into Holdings, with Holdings surviving the GP merger. In accordance with an amendment to the Partnership's existing partnership agreement to be executed in connection with the merger, Holdings will succeed the Partnership GP as an interim general partner of the Partnership immediately prior to the effective time of the merger.

***Sixth Amended and Restated Agreement of Limited Partnership of the Partnership***

Immediately following the effective time of the GP merger, at the effective time of the merger, Holdings will merge into MergerCo, with MergerCo surviving as a wholly owned subsidiary of the Partnership. As a result of the merger and in accordance with the Sixth Partnership Agreement of the Partnership, the form of which is attached as Annex B to this proxy statement/prospectus and which will be executed in connection with the merger, the IDRs in the Partnership will be cancelled, the current 2% economic general partner interest in the Partnership will be converted to a non-economic general partner interest in the Partnership and Holdings GP will succeed Holdings as the new general partner of the Partnership.

***Distribution Waiver Agreement***

In connection with the merger, DFIDH, an affiliate of EPCO, will agree to designate and waive its rights to quarterly distributions with respect to the specified number of Partnership common units listed below over a five-year period after the merger closing date as set forth in the distribution waiver agreement. The number of Partnership common units on which distributions are waived is initially 30,610,000 Partnership common units, which number of units decreases annually for a five-year period after the merger closing date as follows:

<b>Period</b>	<b>Number of Partnership Common Units on Which Distributions are Waived</b>
First four-quarter period following closing	30,610,000

Second four-quarter period following closing	26,130,000
Third four-quarter period following closing	23,700,000
Fourth four-quarter period following closing	22,560,000
Fifth four-quarter period following closing	17,690,000

Based on the quarterly distribution rate for Partnership common units of \$0.5825 declared with respect to the third quarter of 2010, the distributions waived would aggregate approximately \$281 million during these distribution periods.

DFIDH will have no obligation to execute and deliver the distribution waiver agreement in the event of a termination of the support agreement, as described above under Support Agreement.

The foregoing description of the distribution waiver agreement is qualified in its entirety by reference to the full text of the distribution waiver agreement, which is attached as Annex C to this proxy statement/prospectus and is incorporated into this proxy statement/prospectus by reference.

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**THE MERGER AGREEMENT**

The following is a summary of the material terms of the merger agreement and the related transactions. The provisions of the merger agreement are extensive and not easily summarized. This summary is qualified in its entirety by reference to the merger agreement, a copy of which is attached to this proxy statement/prospectus as Annex A and is incorporated into this proxy statement/prospectus by reference. You should read the merger agreement because it, and not this proxy statement/prospectus, is the legal document that governs the terms of the merger.

The merger agreement contains representations and warranties by each of the parties to the merger agreement. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with signing the merger agreement. The disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached merger agreement. Accordingly, you should keep in mind that the representations and warranties are modified in important part by the underlying disclosure schedules. The disclosure schedules contain information that has been included in Holdings and the Partnership's general prior public disclosures, as well as additional information, some of which is non-public. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, and this information may or may not be fully reflected in the companies' public disclosures.

For the purposes of this summary of the merger agreement, any reference to subsidiaries of Holdings and Holdings GP does not include the Partnership GP or the Partnership and its subsidiaries.

**Structure of the Merger and Related Transactions**

Pursuant to the merger agreement and immediately prior to the effective time of the merger, Holdings' existing partnership agreement will be amended to provide for the transformation of the approximate 0.01% economic interest of the general partner in Holdings owned by Holdings GP into 13,921 Holdings units representing an approximate 0.01% limited partner interest in Holdings and a non-economic general partner interest in Holdings, in accordance with a Fourth Amendment to the First Amended and Restated Agreement of Limited Partnership of Holdings, the form of which is attached as Annex A to the merger agreement.

Immediately following the transformation of the general partner interest in Holdings and pursuant to the GP merger agreement, the Partnership GP (currently a wholly owned subsidiary of Holdings) will merge with and into Holdings, with Holdings surviving the GP merger. In accordance with an amendment to the Partnership's existing partnership agreement to be executed in connection with the merger, Holdings will succeed the Partnership GP as an interim general partner of the Partnership immediately prior to the effective time of the merger.

Immediately following the effective time of the GP merger, at the effective time of the merger, Holdings will merge into MergerCo, with MergerCo surviving as a wholly owned subsidiary of the Partnership. As a result of the merger and in accordance with the execution of the Sixth Partnership Agreement of the Partnership, the form of which is attached as Annex B to this proxy statement/prospectus, (i) each outstanding unit of Holdings (other than Holdings units held by Holdings, the Partnership or their respective subsidiaries) will be converted into the right to receive 1.50 Partnership common units, (ii) the IDRs in the Partnership will be cancelled, (iii) the current 2% economic general partner interest in the Partnership will be converted to a non-economic general partner interest in the Partnership and (iv) Holdings GP will succeed Holdings as the new general partner of the Partnership. The 21,563,177 Partnership common units owned by Holdings will be cancelled by the Partnership immediately following the merger.

**When the Merger Becomes Effective**

The closing of the merger will take place on either (i) the business day after the date on which the last of the conditions set forth in the merger agreement (other than those conditions that by their nature cannot be satisfied until the closing date) have been satisfied or waived in accordance with the terms of the merger

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agreement, or (ii) such other date to which the parties may agree in writing. Please read Conditions to the Merger beginning on page 71 for a more complete description of the conditions that must be satisfied or waived prior to closing. The date on which the closing occurs is referred to as the closing date.

The merger will become effective at the effective time, which will occur upon Holdings filing a certificate of merger with the Secretary of State of the State of Delaware or at such later date and time as may be set forth in the certificate of merger. The MergerCo certificate of formation and the MergerCo limited liability company agreement will remain unchanged and will be the certificate of formation and limited liability company agreement, respectively, of the surviving entity, until duly amended in accordance with their terms and applicable law.

### **Effect of Merger on Outstanding Holdings Units and Other Interests**

At the effective time, by virtue of the merger and without any further action on the part of any holder of Holdings units, the following will occur:

All of the limited liability company interests in MergerCo outstanding immediately prior to the effective time will remain outstanding as limited liability company interests in the surviving entity, and the Partnership, as the holder of such limited liability company interests, will continue as the sole member of the surviving entity.

The general partner interest in Holdings issued and outstanding immediately prior to the effective time (in the non-economic form effected by the amendment to the Holdings partnership agreement) will be converted into the right to receive the non-economic general partner interest in the Partnership as set forth in the Sixth Partnership Agreement, and Holdings GP will be admitted (immediately prior to the effective time in accordance with the Partnership's partnership agreement) as the sole general partner of the Partnership in accordance with the Partnership's partnership agreement and the Sixth Partnership Agreement.

Each Holdings unit issued and outstanding immediately prior to the effective time (other than Holdings units held by the Partnership or its subsidiaries or Holdings or its subsidiaries) will be converted into the right to receive 1.50 Partnership common units.

All Holdings units, when converted in connection with receiving the merger consideration, will cease to be outstanding and will automatically be cancelled and cease to exist. At the effective time, each holder of a certificate representing Holdings units and each holder of non-certificated Holdings units represented by book-entry will cease to be a unitholder of Holdings and cease to have any rights as a unitholder of Holdings, except the right to receive (a) 1.50 Partnership common units for each outstanding Holdings unit, and the right to be admitted as an additional limited partner of the Partnership, (b) any cash to be paid in lieu of any fractional new Partnership common unit in accordance with the merger agreement and (c) any distributions in accordance with the merger agreement, in each case, to be issued or paid, without interest, in accordance with the merger agreement. In addition, to the extent applicable, holders of Holdings units as of the effective time will have continued rights to any distribution, without interest, with respect to such Holdings units with a record date occurring prior to the effective time that may have been declared or made by Holdings with respect to such Holdings units in accordance with the terms of the merger agreement and which remains unpaid as of the effective time. After the effective time, the unit transfer books of Holdings will be closed immediately and there will be no further registration of transfers on the unit transfer books of Holdings with respect to Holdings units.

For a description of the Partnership common units, please read Description of Partnership Common Units, and for a description of the comparative rights of the holders of Partnership common units and Holdings units, please read Comparison of the Rights of Partnership and Holdings Unitholders.



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**Exchange of Certificates; Fractional Units**

***Exchange Agent***

In connection with the merger, the Partnership has appointed BNY Mellon Shareowner Services LLC to act as exchange agent for the issuance of Partnership common units and for cash payments for fractional units. Promptly after the effective time, the Partnership will deposit or will cause to be deposited with the exchange agent for the benefit of the holders of Holdings units, for exchange through the exchange agent, new Partnership common units and cash as required by the merger agreement. The Partnership has agreed to make available to the exchange agent, from time to time as needed, cash sufficient to pay any distributions pursuant to the merger agreement and to make payments in lieu of any fractional new Partnership common units pursuant to the merger agreement, in each case without interest. Any cash and new Partnership common units deposited with the exchange agent (including as payment for any fractional new Partnership common units and any distributions with respect to such fractional new Partnership common units) are referred to as the exchange fund. The exchange agent will deliver the merger consideration contemplated to be paid for Holdings units pursuant to the merger agreement out of the exchange fund. Except as contemplated by the merger agreement, the exchange fund will not be used for any other purpose.

***Exchange of Units***

Promptly after the effective time of the merger, the exchange agent will mail to each applicable holder of a Holdings unit a letter of transmittal and instructions explaining how to surrender Holdings units to the exchange agent. This letter will contain instructions on how to surrender certificates or book-entry units formerly representing Holdings units in exchange for the merger consideration the holder is entitled to receive under the merger agreement.

*Holdings unit certificates should NOT be returned with the enclosed proxy card.* Holdings unitholders who deliver a properly completed and signed letter of transmittal and any other documents required by the instructions to the transmittal letter, together with their Holdings unit certificates, if any, will be entitled to receive:

new Partnership common units representing, in the aggregate, the whole number of new Partnership common units that the holder has the right to receive pursuant to the terms of the merger agreement and as described above under Effect of Merger on Outstanding Holdings Units and Other Interests, and

a check in an amount equal to the aggregate amount of cash that the holder has the right to receive pursuant to the merger agreement, including cash payable in lieu of any fractional new Partnership common units and distributions pursuant to the terms of the merger agreement. No interest will be paid or accrued on any merger consideration, any cash payment in lieu of fractional new Partnership common units, or on any unpaid distributions payable to holders of certificated or book-entry Holdings units.

In the event of a transfer of ownership of Holdings units that is not registered in the transfer records of Holdings, the merger consideration payable in respect of those Holdings units may be paid to a transferee, if the certificate representing those Holdings units or evidence of ownership of the book-entry Holdings units is presented to the exchange agent, and in the case of both certificated and book-entry Holdings units, accompanied by all documents required to evidence and effect the transfer and the person requesting the exchange will pay to the exchange agent in advance any transfer or other taxes required by reason of the delivery of the merger consideration in any name other than that of the record holder of those Holdings units, or will establish to the satisfaction of the exchange agent that any transfer or other taxes have been paid or are not payable. Until the required documentation has been delivered and certificates, if any, have been surrendered, as contemplated by the merger agreement, each certificate or book-entry

Holdings unit will be deemed at any time after the effective time to represent only the right to receive, upon the delivery and surrender of the Holdings units, the merger consideration payable in respect of Holdings units and any cash or distributions to which the holder is entitled pursuant to the terms of the merger agreement.



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All new Partnership common units to be issued in the merger will be issued in book-entry form, without physical certificates. Upon the issuance of new Partnership common units to the holders of Holdings units in accordance with the merger agreement and the compliance by such holders with the requirements of Section 10.4 of the Sixth Partnership Agreement, which requirements may be satisfied by each holder of Holdings units by the execution and delivery by such holder of a completed and executed letter of transmittal, the general partner will be deemed to have automatically consented to the admission of such holders as limited partners of the Partnership and will reflect such admission on the books and records of the Partnership.

The exchange agent will deliver to the Partnership any Partnership common units to be issued in the merger, cash in lieu of fractional units to be paid in connection with the merger and any distributions paid on Partnership common units, in each case without interest, to be issued in the merger that are not claimed by former Holdings unitholders within 180 days after the effective time of the merger. Thereafter, the Partnership will act as the exchange agent and former Holdings unitholders may look only to the Partnership for their new Partnership common units, cash in lieu of fractional units and unpaid distributions, in each case without interest. The merger consideration issued upon conversion of a Holdings unit in accordance with the terms of the merger agreement is deemed issued in full satisfaction of all rights pertaining to such unit.

### ***Distributions***

No distributions declared or made with respect to Partnership common units with a record date after the effective time will be paid to the holder of any Holdings units with respect to new Partnership common units that such holder would be entitled to receive in accordance with the merger agreement and no cash payment in lieu of fractional new Partnership common units will be paid to any Holdings unitholder until the holder has delivered the required documentation and surrendered any certificate as contemplated by the merger agreement. Subject to applicable law, following compliance with the requirements of the merger agreement, the following will be paid to a holder of new Partnership common units, without interest, (i) promptly after the time of the compliance with the merger agreement's procedures, the amount of any cash payable in lieu of fractional new Partnership common units to which the holder is entitled pursuant to the merger agreement and the amount of distributions with a record date after the effective time that had already been paid with respect to new Partnership common units and payable with respect to such new Partnership common units, and (ii) at the appropriate payment date, the amount of distributions with a record date after the effective time but prior to such delivery and surrender and a payment date subsequent to such compliance payable with respect to such new Partnership common units.

### ***Fractional Units***

No fractional Partnership common units will be issued upon the surrender of Holdings units. In lieu of any fractional Partnership common unit, each Holdings unitholder who would otherwise be entitled to a fraction of a new Partnership common unit will be paid in cash (without interest rounded up to the nearest whole cent) an amount equal to the product of (i) the average closing price of Partnership common units for the ten consecutive NYSE full trading days ending on the NYSE full trading day immediately preceding the closing date and (ii) the fraction of a new Partnership common unit that the holder would otherwise be entitled to receive pursuant to the merger agreement. Any fractional Partnership common unit interest will not entitle its owner to vote or to have any rights as a Partnership unitholder with regard to such interest. To the extent applicable, each holder of Holdings units is deemed to have consented pursuant to the merger agreement for U.S. federal income tax purposes to report the cash received for fractional Partnership common units in the merger as a sale of a portion of that holder's Holdings units to the Partnership.

### ***No Liability***

To the fullest extent permitted by law, none of Holdings GP, the Partnership, Holdings or the surviving entity will be liable to any holder of Holdings units for any Partnership common units (or distributions with respect thereto) or cash from the exchange fund delivered to a public official pursuant to any abandoned property, escheat or similar law.

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### ***Lost, Stolen or Destroyed Certificates***

If any certificate has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed and, if required by the Partnership, the posting by such person of a bond, in a reasonable amount that the Partnership may require, as indemnity against any claim that may be made against it with respect to such certificate, the exchange agent will pay in exchange for the lost, stolen or destroyed certificate the merger consideration payable in respect of Holdings units represented by the certificate and any distributions to which the holders thereof are entitled pursuant to the terms of the merger agreement.

### ***Withholding Rights***

Each of the Partnership, the surviving entity and the exchange agent will be entitled to deduct and withhold from the consideration otherwise payable pursuant to the merger agreement to any holder of Holdings units any amounts as the Partnership, the surviving entity or the exchange agent is required to deduct and withhold under any provision of federal, state, local, or foreign tax law with respect to the making of such payment. The Partnership, the surviving entity or the exchange agent, as the case may be, will provide reasonable notice to the applicable holders of Holdings units prior to withholding any amounts pursuant to the merger agreement. To the extent that amounts are deducted and withheld by the Partnership, the surviving entity or the exchange agent as described in this paragraph, the deducted and withheld amounts will be treated for all purposes of the merger agreement as having been paid to the holder of Holdings units in respect of whom such deduction and withholding was made by the Partnership, the surviving entity or the exchange agent, as the case may be.

### ***Investment of the Exchange Fund***

The Partnership will cause the exchange agent to invest any cash included in the exchange fund as directed by the Partnership on a daily basis. The investment of the exchange fund will be limited to direct short-term obligations of, or short-term obligations fully guaranteed as to principal and interest by, the U.S. government and no investment or loss thereon will affect the amounts payable or the timing of the amounts payable to Holdings unit holders pursuant to the merger agreement. Any interest and other income resulting from the investments described in this paragraph will be paid to the Partnership.

### ***Anti-dilution Provisions***

In the event of any subdivisions, reclassifications, recapitalizations, splits, unit distributions, combinations or exchange of units with respect to, or rights in respect of, Holdings units or Partnership common units (in each case, as permitted pursuant to the merger agreement), the number of new Partnership common units to be issued in the merger and the average closing price of Partnership common units will be correspondingly adjusted to provide to the holders of Holdings units the same economic effect as contemplated by the merger agreement prior to such event.

### ***Treatment of Holdings Equity-Based Awards; Unit Appreciation Rights***

At the effective time, each outstanding unit appreciation right relating to the Holdings units ( Holdings UAR ), including both those granted pursuant to the Enterprise Products Company 2005 EPE Holdings Long-Term Incentive Plan, as amended and restated from time to time (the Holdings Unit Plan ), and outside the Holdings Unit Plan, will be assumed by the Partnership and converted into a number of common unit appreciation rights ( CUARs ) of the Partnership equal to the product of the number of Holdings UARs to which such grant was subject at the effective time multiplied by 1.50 (with any resulting fraction of a CUAR being rounded down to the nearest whole CUAR), with an exercise price per CUAR equal to the per Holdings UAR exercise price divided by 1.50 (with any resulting exercise price that contains a fraction of a cent being increased to the next whole cent). This assumption and

conversion will occur automatically and without any action on the part of the holder of any UAR (except for directors of DEP Holdings, LLC, the general partner of Duncan Energy Partners L.P. ( DEP GP ), whose consent will have been obtained to the extent necessary).

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In the case of directors of the general partner of Duncan Energy Partners whose consent has been obtained if necessary, such person's outstanding Holdings UARs, whether or not exercisable or vested, will at the effective time cease to represent, as of the effective time, a Holdings UAR and will be converted, in settlement and cancellation of such Holdings UARs, into the right to receive, at the effective time, a lump sum cash payment, without interest, equal to the Fair Market Value of such Holdings unit on such date over the Grant Price per Holdings unit (with the terms Fair Market Value and Grant Price as defined under the Holdings Unit Plan). Each CUAR will be subject to, and vest upon, the terms and conditions that are equivalent to those applicable to the Holdings UARs. Promptly after the effective time, the Partnership will provide each holder of a Holdings UAR with a notice describing the assumption and conversion of such awards. The assumption and conversion of the Holdings UARs (and the cash-out of Holdings UARs held by directors of DEP GP) pursuant to the merger agreement will be in full satisfaction of the obligations in respect thereof.

## **Actions Pending the Merger**

Each of (i) the Partnership and the Partnership GP have agreed that, without the prior written consent of the Holdings ACG Committee, and (ii) Holdings and the Holdings GP have agreed that, without the prior written consent of the Partnership ACG Committee, which consents, in either case, will not be unreasonably withheld, delayed or conditioned, it will not, and will cause its subsidiaries not to, during the period from the date of the merger agreement until the effective time of the merger or the date, if any, on which the merger agreement is terminated, except as expressly contemplated or permitted by the merger agreement or the GP merger agreement:

conduct its business and the business of its subsidiaries other than in the ordinary and usual course;

fail to use commercially reasonable best efforts to preserve intact its business organizations, goodwill and assets and maintain its rights, franchises and existing relations with customers, suppliers, employees or business associates;

take any action that would have a material adverse effect;

in the case of Holdings and its subsidiaries, other than the conversion of the Holdings general partner interest and the issuance of Holdings units in connection therewith required in accordance with the merger agreement and related amendment to the Holdings partnership agreement, (i) issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional equity or any additional rights or enter into any agreement to do such things or (ii) permit any additional equity interests to become subject to new grants of employee unit options, unit appreciation rights or similar equity-based employee rights; and in the case of the Partnership and its subsidiaries take any action described in (i) and (ii) above, which would materially adversely affect the Partnership's or Holdings' ability to consummate the transactions contemplated by the merger agreement;

other than the conversion of the Holdings general partner interest and the issuance of Holdings units in connection with the conversion required in accordance with the merger agreement and the amendment to the Holdings partnership agreement: (a) split, combine or reclassify any of its equity interests or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for its equity interests; or (b) repurchase, redeem or otherwise acquire, or permit any of its subsidiaries to purchase, redeem or otherwise acquire any partnership or other equity interests or rights, except as required by the terms of its securities outstanding on the date of the merger agreement or as contemplated by any existing compensation and benefit plan on the date of the merger agreement;

in the case of Holdings and its subsidiaries, (i) sell, lease, dispose of or discontinue all or any portion of its assets, business or properties other than uses of cash in the ordinary course of business, including distributions permitted under the merger agreement, (ii) acquire, by merger or otherwise, or lease any assets or all or any portion of the business or property of any other entity other than in the ordinary course of business consistent with past practice, (iii) merge, consolidate or enter into any other business combination transaction with any person, or (iv) convert from a limited partnership or limited liability company, as the case may be, to any other business entity; and in the case of the Partnership, (i) merge,

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consolidate or enter into any other business combination transaction with any person or make any acquisition or disposition that would be likely to have a material adverse effect, or (ii) enter into a definitive agreement with respect to a partners acquisition proposal (as defined in the merger agreement and described under Covenants Acquisition Proposals; Change in Recommendation below);

in the case of Holdings GP and Holdings, make or declare dividends or distributions to the holders of Holdings units other than regular quarterly distributions in an amount not to exceed \$0.015 plus the distribution amount per Holdings unit paid with respect to the second quarter of 2010, and in the case of the Partnership, make or declare dividends or distributions to the holders of Partnership common units other than regular quarterly distributions in an amount not to exceed \$0.0075 plus the distribution amount per Partnership common unit paid with respect to the second quarter of 2010;

in the case of Holdings GP and Holdings, amend the Partnership GP s limited liability company agreement, the Partnership s partnership agreement, Holdings partnership agreement or Holdings GP s limited liability company agreement other than in accordance with the merger agreement; and in the case of the Partnership, amend the Partnership s partnership agreement other than in accordance with the merger agreement;

in the case of Holdings and the Partnership, and each of their respective subsidiaries, enter into any material contract or modify, amend, terminate or assign, or waive or assign any rights under any material contract in any material respect in a manner which is adverse to the Partnership and its subsidiaries, taken as a whole, or which could prevent or materially delay the consummation of the merger or the other transactions contemplated by the merger agreement past the December 31, 2010 or any extension of the termination date;

in the case of Holdings and its subsidiaries, waive, release, assign, settle or compromise any claim, action or proceeding; and in the case of the Partnership and its subsidiaries, waive, release, assign, settle or compromise any claim, action or proceeding that would reasonably be expected to result in a material adverse effect on the Partnership or on Holdings;

implement or adopt any material change in its accounting principles, practices or methods, other than as may be required by law or U.S. GAAP;

fail to use commercially reasonable best efforts to maintain with financially responsible insurance companies, insurance in such amounts and against such risks and losses as has been customarily maintained by it in the past;

change in any material respect any of its express or deemed elections relating to taxes, including elections for any and all joint ventures, partnerships, limited liability companies or other investments where it has the capacity to make such binding election;

settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to taxes;

change in any material respect any of its methods of reporting income or deductions for U.S. federal income tax purposes from those employed in the preparation of its U.S. federal income tax return for the most recent taxable year for which a return has been filed, except as may be required by applicable law;

in the case of Holdings and its subsidiaries, (i) adopt, enter into, amend or otherwise increase, or accelerate the payment or vesting of the amounts, benefits or rights payable or accrued or to become payable or accrued under, any compensation and benefit plan, (ii) grant any severance or termination pay to any officer or director

of Holdings or any of its subsidiaries or (iii) establish, adopt, enter into or amend any plan, policy, program or arrangement for the benefit of any current or former directors or officers of Holdings or any of its subsidiaries or any of their beneficiaries;

in the case of Holdings and its subsidiaries, (i) incur, assume, guarantee or otherwise become liable for any indebtedness (directly, contingently or otherwise), other than borrowings under existing revolving



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credit facilities in the ordinary course of business consistent with past practice, (ii) enter into any material lease (whether operating or capital), (iii) create any lien on its property or the property of its subsidiaries in connection with any pre-existing indebtedness, new indebtedness or lease, or (iv) make or commit to make any capital expenditures; and in the case of the Partnership, take any action described in clauses (i), (ii), (iii) or (iv) above which would materially adversely affect the Partnership's or Holdings' ability to consummate the transactions contemplated by the merger agreement;

authorize, recommend, propose or announce an intention to adopt a plan of complete or partial dissolution or liquidation;

except as permitted by the merger agreement, knowingly take any action that is intended or is reasonably likely to result in (i) any of its representations and warranties in the merger agreement being or becoming untrue in any material respect at the closing date, (ii) any of the conditions to closing not being satisfied, (iii) any material delay or prevention of the consummation of the merger or (iv) a material violation of any provision of the merger agreement except, in each case, as may be required by applicable law; or

agree or commit to do any of the prohibited actions described above.

**Conditions to the Merger**

***Conditions of Each Party***

The respective obligations of the parties to effect the merger are subject to the satisfaction or waiver, on or prior to the closing date of the merger, of each of the following conditions:

the merger agreement and the merger will have been approved and adopted by the affirmative vote of holders (as of the record date for the Holdings meeting) of a majority of the outstanding Holdings units;

all filings required to be made prior to the effective time with, and all other consents, approvals, permits and authorizations required to be obtained prior to the effective time from, any governmental authority in connection with the execution and delivery of the merger agreement and the consummation of the transactions contemplated thereby by the parties to the merger agreement or their affiliates will have been made or obtained, except where the failure to obtain such consents, approvals, permits and authorizations would not be reasonably likely to result in a material adverse effect on the Partnership or Holdings;

no order, decree or injunction of any court or agency of competent jurisdiction will be in effect, and no law will have been enacted or adopted, that enjoins, prohibits or makes illegal the consummation of any of the transactions contemplated by the merger agreement, and no action, proceeding or investigation by any governmental authority with respect to the merger or the other transactions contemplated by the merger agreement will be pending that seeks to restrain, enjoin, prohibit or delay the consummation of the merger or such other transaction or to impose any material restrictions or requirements thereon or on the Partnership or Holdings with respect thereto; provided, however, that prior to invoking this condition, each party must have used its commercially reasonable best efforts in good faith to consummate the merger as required under the merger agreement;

the registration statement of which this proxy statement/prospectus is a part will have become effective under the Securities Act and no stop order suspending the effectiveness of the registration statement will have been issued and no proceedings for that purpose will have been initiated or threatened by the SEC;

the new Partnership common units to be issued in the merger will have been approved for listing on the NYSE, subject to official notice of issuance;

the GP merger will have become effective and Holdings will have been duly admitted as the new sole general partner of the Partnership;

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Holdings GP as the new sole general partner of the Partnership will have executed the Sixth Partnership Agreement and Holdings GP will have been duly admitted as the general partner of the Partnership in accordance with the Sixth Partnership Agreement; and

certain affiliates of EPCO will have executed and delivered the distribution waiver agreement.

***Additional Conditions to the Obligations of Holdings***

The obligations of Holdings to effect the merger are further subject to the satisfaction or waiver by Holdings, on or prior to the closing date of the merger, of each of the following conditions:

each of the representations and warranties contained in the merger agreement of the Partnership and the Partnership GP are true and correct in all material respects as of the date of the merger agreement and on the closing date, except for any representations and warranties made as of a specified date, which are true and correct as of that date in all material respects;

each and all of the agreements and covenants of the Partnership, the Partnership GP and MergerCo to be performed and complied with pursuant to the merger agreement on or prior to the closing date must have been duly performed and complied with in all material respects;

Holdings will have received a certificate signed by the chief executive officer of the Partnership GP, dated the closing date, to the effect that the conditions set forth in the first two bullet points immediately above have been satisfied;

Holdings will have received an opinion from Vinson & Elkins, counsel to Holdings, to the effect that:

no gain or loss should be recognized by Holdings unitholders to the extent that Partnership common units are received in exchange therefor as a result of the merger (other than gain resulting from either (i) any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code or (ii) any cash received in lieu of any fractional Partnership common units); and

this registration statement accurately sets forth the material U.S. federal income tax consequences to the Holdings unitholders of the merger and the transactions contemplated by the merger agreement; and

there has not occurred a material adverse effect with respect to the Partnership between the date of the merger agreement and the closing date.

***Additional Conditions to the Obligations of the Partnership***

The obligations of the Partnership to effect the merger are further subject to the satisfaction or waiver by the Partnership, on or prior to the closing date of the merger, of each of the following conditions:

each of the representations and warranties contained in the merger agreement of Holdings and Holdings GP are true and correct in all material respects as of the date of the merger agreement and on the closing date, except for any representations and warranties made as of a specified date, which are true and correct as of such date in all material respects;

each and all of the agreements and covenants of Holdings and Holdings GP to be performed and complied with pursuant to the merger agreement on or prior to the closing date must have been duly performed and complied with in all material respects;

the Partnership will have received a certificate signed by the chief executive officer of Holdings GP, dated the closing date, to the effect that the conditions set forth in the first two bullet points immediately above have been satisfied;

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the Partnership will have received an opinion from Andrews Kurth, counsel to the Partnership, to the effect that:

the adoption of the Sixth Partnership Agreement, the merger and the transactions contemplated by the merger agreement will not result in the loss of limited liability of any Partnership limited partner;

the adoption of the Sixth Partnership Agreement, the merger and the transactions contemplated by the merger agreement will not cause the Partnership or any Operating Partnership (as defined in the Partnership s partnership agreement) to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes;

at least 90% of the current gross income of the Partnership constitutes qualifying income within the meaning of Section 7704(d) of the Internal Revenue Code;

this registration statement accurately sets forth the material U.S. federal income tax consequences to the Partnership unaffiliated unitholders of the merger and the transactions contemplated by the merger agreement; and

no gain or loss should be recognized by existing Partnership unaffiliated unitholders as a result of the merger (other than gain resulting from any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code); and

there has not occurred a material adverse effect with respect to Holdings between the date of the merger agreement and the closing date.

**Representations and Warranties**

The merger agreement contains representations and warranties of the parties to the merger agreement, many of which provide that the representations and warranties do not extend to matters where the failure of the representation and warranty to be accurate would not result in a material adverse effect on the party making the representation and warranty. These representations and warranties concern, among other things:

legal organization, existence, general authority and good standing;

capitalization;

the absence of Holdings ownership of any equity interests other than in its subsidiaries, in LE GP and in Energy Transfer Equity, which interests it owns free and clear of any liens;

power and authorization to enter into and carry out the obligations of the merger agreement, and enforceability of the merger agreement;

required board and committee consents and approvals;

the accuracy of financial statements and reports filed with the SEC;

the absence of certain undisclosed liabilities;

compliance with laws;

the absence of undisclosed material contracts and the validity of existing material contracts;

the absence of defaults, breaches and other conflicts caused by entering into the merger agreement and completing the merger;

the absence of brokers;

tax matters;

the absence of undisclosed compensation and employee benefit plans;

operations of MergerCo;

fairness opinions; and

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the absence of any material adverse effects.

For purposes of the merger agreement, material adverse effect, when used with respect to Holdings or the Partnership, means any effect that:

is or could reasonably be expected to be material and adverse to the financial position, results of operations, business, assets or prospects of such party and its subsidiaries taken as a whole, respectively; or

materially impairs or could reasonably be expected to materially impair the ability of such party to perform its obligations under the merger agreement or otherwise materially threaten or materially impede the consummation of the merger and the other transactions contemplated by the merger agreement.

A material adverse effect does not include any of the following or the impact thereof (so long as, in the case of the first through fourth bullet points immediately below, the impact on Holdings or the Partnership is not disproportionately adverse as compared to others in the petroleum product transportation, terminalling, storage and distribution industry generally):

circumstances affecting the petroleum product transportation, terminalling, storage and distribution industry generally (including the price of petroleum products and the costs associated with the transportation, terminalling, storage and distribution thereof), or in any region in which the Partnership operates;

any general market, economic, financial or political conditions, or outbreak or hostilities or war, in the United States of America or elsewhere;

changes in law;

earthquakes, hurricanes, floods, or other natural disasters;

any failure of the Partnership to meet any internal or external projections, forecasts or estimates of revenue or earnings for any period;

changes in the market price or trading volume of Holdings units or Partnership common units (but not any effect underlying any decrease that would otherwise constitute a material adverse effect); or

the announcement or pendency of the merger agreement or the matters contemplated by the merger agreement or the compliance by either party with the provisions of the merger agreement.

**Covenants**

Holdings and the Partnership made the covenants described below:

***Best Efforts***

Subject to the terms and conditions of the merger agreement, each of Holdings and the Partnership will use its commercially reasonable best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, desirable or advisable under applicable laws, in order to permit consummation of the merger promptly and otherwise enable consummation of the transactions contemplated by the merger agreement, including obtaining (and cooperating with the other parties to obtain) any third-party approval that is required to be

obtained by Holdings or the Partnership or any of their respective subsidiaries in connection with the merger and the other transactions contemplated by the merger agreement, using commercially reasonable best efforts to lift or rescind any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the transactions contemplated by the merger agreement, and using commercially reasonable best efforts to defend any litigation seeking to enjoin, prevent or delay the consummation of the transactions contemplated by the merger agreement or seeking material damages, and it will cooperate fully with the other parties to the merger agreement to that end, and will furnish to the other party copies of all correspondence, filings and communications between it and its



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affiliates and any governmental authority with respect to the transactions contemplated under the merger agreement.

***Holdings Unitholder Approval***

Subject to the terms and conditions of the merger agreement, Holdings will take, in accordance with applicable law, applicable stock exchange rules and the Holdings partnership agreement, all action necessary to call, hold and convene the Holdings special meeting to consider and vote upon the approval of the merger agreement and the merger, and any other matters required to be approved by Holdings unitholders for consummation of the merger and other transactions contemplated by the merger agreement, promptly after the date of the merger agreement. Subject to the provision of the merger agreement permitting a change in recommendation, the Holdings ACG Committee and the Holdings Board will recommend approval of the merger agreement and the merger to the Holdings unitholders, and Holdings will take all reasonable lawful action to solicit such approval by the Holdings unitholders. In any event, however, if there occurs a Holdings change in recommendation (as described under Acquisition Proposals; Change in Recommendation ) in accordance with the merger agreement, Holdings will not be required to call, hold or convene the Holdings special meeting.

***Registration Statement***

Each of the Partnership and Holdings agrees to cooperate in the preparation of the registration statement (including this proxy statement/prospectus which constitutes a part of the registration statement and all related documents) to be filed by the Partnership with the SEC in connection with the issuance of new Partnership common units in the merger as contemplated by the merger agreement. If Holdings has cooperated as required in the preceding sentence, the Partnership agrees to file the registration statement with the SEC as promptly as practicable. Each of Holdings and the Partnership agrees to use all commercially reasonable best efforts to cause the registration statement to be declared effective under the Securities Act as promptly as practicable after filing of the registration statement. The Partnership also agrees to use commercially reasonable best efforts to obtain all necessary state securities law or Blue Sky permits and approvals required to carry out the transactions contemplated by the merger agreement. Each of the Partnership and Holdings agrees to furnish to the other party all information concerning the Partnership, the Partnership GP and its subsidiaries or Holdings, Holdings GP and its subsidiaries, as applicable, and the officers, directors and unitholders of the Partnership and Holdings and any applicable affiliates, as applicable, and to take such other action as may be reasonably requested in connection with the foregoing.

Each of Holdings and the Partnership agrees, as to itself and its subsidiaries, that (i) none of the information supplied or to be supplied by it for inclusion or incorporation by reference in this registration statement will, at the time this registration statement and each amendment or supplement to this registration statement, if any, becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated in this registration statement or any amendment or supplement or necessary to make the statements in this registration statement or any amendment or supplement, in light of the circumstances under which they were made, not misleading, and (ii) the proxy statement/prospectus and any amendment or supplement to this proxy statement/prospectus will, at the date of mailing to the holders of Holdings units and at the time of the Holdings special meeting, not contain any untrue statement of a material fact or omit to state any material fact required to be stated in this proxy statement/prospectus or any amendment or supplement or necessary to make the statements in this proxy statement/prospectus or any amendment or supplement, in light of the circumstances under which they were made, not misleading. Each of Holdings and the Partnership further agrees that if it becomes aware prior to the closing date of any information that would cause any of the statements in this registration statement or any amendment or supplement to be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not false or misleading, it will promptly inform the other party of such information and take the necessary steps to correct such information in an amendment or supplement to this registration statement.



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The Partnership will advise Holdings, promptly after the Partnership receives notice of any of the following, of (i) the time when this registration statement has become effective or any supplement or amendment has been filed, (ii) the issuance of any stop order or the suspension of the qualification of new Partnership common units for offering or sale in any jurisdiction, (iii) the initiation or threat of any proceeding for any such purpose, or (iv) any request by the SEC for the amendment or supplement of this registration statement or for additional information.

Holdings will use its commercially reasonable best efforts to cause this proxy statement/prospectus to be mailed to its unitholders as soon as practicable after the effective date of this registration statement.

## ***Press Releases***

Prior to any Holdings change in recommendation, if any, each of Holdings and the Partnership will not, without the prior approval of the Holdings Board in the case of Holdings and the Partnership Board in the case of the Partnership, issue any press release or written statement for general circulation relating to the transactions contemplated by the merger agreement, except as otherwise required by applicable law or the rules of the NYSE, in which case it will consult with the other party before issuing any such press release or written statement.

## ***Access; Information***

Upon reasonable notice and subject to applicable laws relating to the exchange of information, each party will, and will cause its subsidiaries to, afford the other parties and their representatives, access, during normal business hours throughout the period prior to the effective time, to all of its properties, books, contracts, commitments and records, and to its representatives, and, during such period, it and its subsidiaries will furnish promptly to such person and its representatives (i) a copy of each material report, schedule and other document filed by it pursuant to the requirements of federal or state securities law (other than reports or documents that Holdings or the Partnership or their respective subsidiaries, as the case may be, are not permitted to disclose under applicable law) and (ii) all other information concerning its business, properties and personnel as the other parties may reasonably request. Neither Holdings nor the Partnership nor any of their respective subsidiaries will be required to provide access to or to disclose information where such access or disclosure would jeopardize the attorney-client privilege of the institution in possession or control of such information or contravene any law, fiduciary duty or binding agreement entered into prior to the date of the merger agreement. The parties to the merger agreement will make appropriate substitute disclosure arrangements under the circumstances in which the restrictions described in the immediately preceding sentence apply.

The Partnership and Holdings, respectively, will not use any information obtained pursuant to the merger agreement (to which it was not entitled under law or any agreement other than the merger agreement) for any purpose unrelated to (i) the consummation of the transactions contemplated by the merger agreement or (ii) the matters contemplated by the provision of the merger agreement concerning acquisition proposals and a Holdings change in recommendation in accordance with the terms of the merger agreement, and will hold all information and documents obtained pursuant to the merger agreement in confidence. No investigation by either party of the business and affairs of the other will affect or be deemed to modify or waive any representation, warranty, covenant or agreement in the merger agreement, or the conditions to either party's obligation to consummate the transactions contemplated by the merger agreement.

## ***Acquisition Proposals; Change in Recommendation***

Neither Holdings GP nor Holdings will, and they will use their commercially reasonable best efforts to cause their representatives not to, directly or indirectly,

initiate, solicit, knowingly encourage or facilitate any inquiries or the making or submission of any proposal that constitutes, or may reasonably be expected to lead to, an acquisition proposal; or

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participate in any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, any acquisition proposal.

As defined in the merger agreement, acquisition proposal means any proposal or offer from or by any person other than the Partnership, the Partnership GP, and MergerCo relating to: (a) any direct or indirect acquisition of (i) more than 20% of the assets of Holdings and its subsidiaries, taken as a whole, (ii) more than 20% of the outstanding equity securities of Holdings or (iii) a business or businesses that constitute more than 20% of the cash flow, net revenues, net income or assets of Holdings and its subsidiaries, taken as a whole; (b) any tender offer or exchange offer, as defined under the Exchange Act, that, if consummated, would result in any person beneficially owning more than 20% of the outstanding equity securities of Holdings; or (c) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving Holdings, other than the merger and the GP merger. As defined in the merger agreement, superior proposal means any bona fide acquisition proposal (except that references to 20% within the definition of acquisition proposal will be replaced by 50% ) made by a third party on terms that the Holdings ACG Committee determines, in its good faith judgment and after consulting with Holdings financial advisors and outside legal counsel, and taking into account the financial, legal, regulatory and other aspects of the acquisition proposal (including any conditions to and the expected timing of consummation and any risks of non-consummation), to be more favorable to Holdings unitholders, from a financial point of view than the merger (taking into account the transactions contemplated by the merger agreement and any revised proposal by the Partnership ACG Committee on behalf of the Partnership to amend the terms of the merger agreement).

Notwithstanding the prohibitions described above, but subject to the limitations in the merger agreement, nothing contained in the merger agreement will prohibit Holdings or any of its representatives from furnishing any information to, including information pertaining to the Partnership, or entering into or participating in discussions or negotiations with, any person that makes an unsolicited written acquisition proposal that did not result from a knowing and intentional breach of the provisions of the merger agreement summarized under this section Acquisition Proposals; Change in Recommendation (a Receiving Party ), if (i) the Holdings ACG Committee after consultation with its outside legal counsel and financial advisors, determines in good faith (A) that such acquisition proposal constitutes or is likely to result in a superior proposal, and (B) that failure to take such action would be inconsistent with its duties under the Holdings partnership agreement and applicable law and (ii) prior to furnishing any non-public information to such Receiving Party, Holdings receives from such Receiving Party an executed confidentiality agreement, provided, however, that if Holdings receives an acquisition proposal that includes an acquisition proposal for the Partnership, Holdings may, in its discretion, respond to a Receiving Party to indicate that Holdings cannot entertain an acquisition proposal that includes an acquisition proposal for the Partnership.

In the event that Holdings is otherwise entitled to provide information to a Receiving Party under the merger agreement, Holdings may provide any Receiving Party with any non-public information or data pertaining to the Partnership only if Holdings has not knowingly and intentionally breached the provisions of the merger agreement summarized under this section Acquisition Proposals; Change in Recommendation and then only if (i) the Holdings ACG Committee determines in good faith, after consultation with its outside legal counsel and financial advisors that the provision of such Partnership non-public information to the Receiving Party may reasonably be expected to lead to a Holdings change in recommendation and (ii) Holdings has first (A) required the Receiving Party to execute a confidentiality agreement, (B) furnished a copy of such confidentiality agreement to the Partnership and (C) notified the Partnership of the identity of the Receiving Party. Holdings will promptly provide or make available to the Partnership any non-public information concerning Holdings or any of its subsidiaries that is provided or made available to any Receiving Party pursuant to the provisions of the merger agreement summarized under this section Acquisition Proposals; Change in Recommendation which was not previously provided or made available to the Partnership. The Partnership will provide to Holdings and any Receiving Party that has executed a confidentiality agreement any Partnership non-public information that Holdings reasonably requests in exercising its rights under the

merger agreement. Holdings will not provide to any Receiving Party, and the Partnership will not be required to provide to any Receiving Party, in each case pursuant to the provisions of

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the merger agreement summarized under this section Acquisition Proposals; Change in Recommendation, any information pertaining to the Partnership where Holdings knows that the provision of such information would (x) jeopardize the attorney-client privilege of the institution in possession or control of such information or (y) contravene any law or binding agreement entered into prior to the date of the merger agreement.

Except as otherwise provided in the merger agreement, neither the Holdings ACG Committee nor the Holdings Board will:

(A) withdraw, modify or qualify in any manner adverse to the Partnership its recommendation of the merger agreement and the merger or (B) publicly approve or recommend, or publicly propose to approve or recommend, any acquisition proposal (any action described in this clause being referred to as a Holdings change in recommendation ); or

approve, adopt or recommend, or publicly propose to approve, adopt or recommend, or allow Holdings or any of its subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement, or other similar contract or any tender or exchange offer providing for, with respect to, or in connection with, any acquisition proposal.

Notwithstanding the limitations described in the immediately preceding paragraph, at any time prior to obtaining the Holdings unitholder approval, the Holdings ACG Committee may make a Holdings change in recommendation if it has concluded in good faith, after consultation with its outside legal counsel and financial advisors, that failure to make a Holdings change in recommendation would be inconsistent with its duties under the Holdings partnership agreement and applicable law; provided, however, that (i) the Holdings ACG Committee will not be entitled to exercise its right to make a Holdings change in recommendation pursuant to this sentence unless Holdings and Holdings GP have: (a) complied in all material respects with the provisions of the merger agreement summarized under this section Acquisition Proposals; Change in Recommendation, (b) provided to the Partnership and the Partnership ACG Committee two business days prior written notice advising the Partnership that the Holdings ACG Committee intends to make a Holdings change in recommendation and specifying the reasons for the change in reasonable detail, including, if applicable, the terms and conditions of any superior proposal that is the basis of the proposed action and the identity of the person making the proposal (it being understood and agreed that any amendment to the terms of any such superior proposal will require a new notice of the proposed recommendation change and an additional two business day period), and (c) if applicable, provided to the Partnership all materials and information delivered or made available to the person or group of persons making any superior proposal in connection with such superior proposal (to the extent not previously provided), and (ii) the Holdings ACG Committee will not be entitled to make a Holdings change in recommendation in response to an acquisition proposal unless such acquisition proposal constitutes a superior proposal. Any Holdings change in recommendation will not invalidate the approval of the merger agreement or any other approval of the Holdings ACG Committee, including in any respect that would have the effect of causing any state (including Delaware) corporate takeover statute or other similar statute to be applicable to the transactions contemplated by the merger agreement or any such law, including the merger. Notwithstanding any provision in the merger agreement to the contrary, the Partnership and the Partnership GP will maintain, and cause their representatives to maintain, the confidentiality of all information received from Holdings pursuant to the provisions of the merger agreement summarized under this section Acquisition Proposals; Change in Recommendation, subject to the exceptions contained in the confidentiality agreement. Notwithstanding anything in the merger agreement to the contrary, for the purposes of the provisions of the merger agreement summarized under this section Acquisition Proposals; Change in Recommendation, without the prior written consent of the Partnership ACG Committee, no acquisition proposal will constitute a superior proposal if such acquisition proposal is conditioned on completion of a partners acquisition proposal that would require special approval as defined in and required under the Partnership s partnership agreement. A partners acquisition proposal is any proposal or offer by any

person (other than Holdings and its subsidiaries) relating to: (i) any direct or indirect acquisition of (a) more than 50% of the assets of the Partnership and its subsidiaries, taken as a whole, (b) more than 50% of the outstanding equity securities of the Partnership or (c) a business or businesses that constitute more than 50% of the cash flow, net revenues, net income or assets



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of the Partnership and its subsidiaries, taken as a whole; (ii) any tender or exchange offer, as defined pursuant to the Exchange Act, that, if consummated, would result in any person beneficially owning more than 50% of the outstanding equity securities of the Partnership or (iii) any merger consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Partnership other than the merger or the GP merger

In addition to the obligations of Holdings set forth in the provisions of the merger agreement summarized under this section Acquisition Proposals; Change in Recommendation, Holdings will as promptly as practicable (and in any event within 24 hours after receipt) advise the Partnership orally and in writing of any acquisition proposal or any matter giving rise to a Holdings change in recommendation and the material terms and conditions of any such acquisition proposal or any matter giving rise to a Holdings change in recommendation (including any changes thereto) and the identity of the person making such acquisition proposal. Holdings will keep the Partnership informed on a reasonably current basis of material developments with respect to any such acquisition proposal or any matter giving rise to a Holdings change in recommendation.

Nothing contained in the merger agreement will prevent Holdings or the Holdings ACG Committee from taking and disclosing to the holders of Holdings units a position contemplated by Rule 14d-9 and Rule 14e-2(a) promulgated under the Exchange Act (or any similar communication to limited partners of Holdings) or from making any legally required disclosure to holders of Holdings units. Any stop-look-and-listen communication by Holdings or the Holdings Board to the limited partners of Holdings pursuant to Rule 14d-9(f) promulgated under the Exchange Act (or any similar communication to the limited partners of Holdings) will not be considered a failure to make, or a withdrawal, modification or change in any manner adverse to the Partnership of, all or a portion of the recommendation of the merger agreement and the merger by the Holdings ACG Committee and the Holdings Board.

## ***Affiliate Arrangements***

Not later than the 15th day after the mailing of this proxy statement/prospectus, Holdings will deliver to the Partnership a schedule listing each person that, to the best of its knowledge, is or is reasonably likely to be, as of the date of the Holdings special meeting, deemed to be an affiliate of Holdings as that term is used in Rule 145 under the Securities Act.

Holdings will use its commercially reasonable best efforts to cause such affiliates not to sell any securities received under the merger in violation of the registration requirements of the Securities Act, including Rule 145 thereunder.

## ***Takeover Laws***

Neither Holdings nor the Partnership will take any action that would cause the transactions contemplated by the merger agreement to be subject to requirements imposed by any takeover laws, and each of them will take all necessary steps within its control to exempt (or ensure the continued exemption of) the transactions contemplated by the merger agreement from, or if necessary challenge the validity or applicability of, any rights plan adopted by such party or any applicable takeover law, as in effect on the date of the merger agreement or thereafter, including takeover laws of any state that purport to apply to the merger agreement or the transactions contemplated by the merger agreement.

## ***No Rights Triggered***

Each of Holdings and the Partnership will take all steps necessary to ensure that the entering into of the merger agreement and the consummation of the transactions contemplated by the merger agreement and any other action or combination of actions, or any other transactions contemplated by the merger agreement, do not and will not result in

the grant of any rights to any person (i) in the case of Holdings, under the Holdings partnership agreement, and, in the case of the Partnership, under the Partnership's partnership agreement or (ii) under any material agreement to which it or any of its subsidiaries is a party.

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### ***New Common Units Listed***

The Partnership will use its commercially reasonable best efforts to list, prior to the closing, on the NYSE, upon official notice of issuance, the new Partnership common units to be issued as merger consideration in connection with the merger.

### ***Third Party Approvals***

The Partnership and Holdings and their respective subsidiaries will cooperate and use their respective commercially reasonable best efforts to prepare all documentation, to effect all filings, to obtain all permits, consents, approvals and authorizations of all governmental authorities and third parties necessary to consummate the transactions contemplated by the merger agreement and to comply with the terms and conditions of such permits, consents, approvals and authorizations and to cause the merger to be consummated and the Sixth Partnership Agreement to be effective as expeditiously as practicable. Each of the Partnership and Holdings will have the right to review in advance, and to the extent practicable each will consult with the other, in each case subject to applicable laws relating to the exchange of information, with respect to, all material written information submitted to any third party or any governmental authorities in connection with the transactions contemplated by the merger agreement. In exercising the foregoing right, each of the parties to the merger agreement agrees to act reasonably and promptly. Each party to the merger agreement agrees that it will consult with the other parties with respect to the obtaining of all material permits, consents, approvals and authorizations of all third parties and governmental authorities necessary or advisable to consummate the transactions contemplated by the merger agreement, and each party will keep the other parties apprised of the status of material matters relating to completion of the transactions contemplated hereby.

Each of the Partnership and Holdings agrees, upon request, to furnish the other party with all information concerning itself, its subsidiaries, directors, officers and unitholders and such other matters as may be reasonably necessary or advisable in connection with the registration statement, this proxy statement/prospectus or any filing, notice or application made by or on behalf of such other party or any of such other party's subsidiaries to any governmental authority in connection with the transactions contemplated by the merger agreement.

### ***Credit Agreements***

The Partnership will, and will cause each of its subsidiaries to, use its commercially reasonable efforts to, on or prior to the closing date, (i) amend or refinance the Amended and Restated Revolving Credit Agreement, dated as of November 19, 2007, among EPO, the financial institutions party thereto as lenders, Wachovia Bank, National Association, as Administrative Agent, Issuing Bank and Swingline Lender, Citibank, N.A. and JPMorgan Chase Bank, as Co-Syndication Agents, and SunTrust Bank, Mizuho Corporate Bank, Ltd. and The Bank of Nova Scotia, as Co-Documentation Agents, as in effect on the date of the merger agreement (the "EPO Credit Agreement") and the Revolving Credit Agreement, dated January 5, 2007, among Duncan Energy Partners, the Lenders Party Thereto and Wachovia Bank, National Association, as Administrative Agent, as amended by the First Amendment to Revolving Credit Agreement, dated June 30, 2007, among Duncan Energy Partners, the Lenders Party Thereto and Wachovia Bank, National Association, as in effect on the date of the merger agreement and the Term Loan Agreement, dated April 18, 2008, among Duncan Energy Partners, the Lenders Party Thereto and Wachovia Bank, National Association, as Administrative Agent, as amended by the First Amendment to Term Loan Agreement, dated July 11, 2008, among Duncan Energy Partners, the Lenders Party thereto and Wachovia Bank, National Association, as in effect on the date of the merger agreement (together the "DEP Credit Agreements") in a form reasonably satisfactory to the Partnership in order for the merger and the transactions contemplated by the merger agreement not to constitute a default under the EPO Credit Agreement, the DEP Credit Agreements or any of the other loan documents related to such credit agreements and (ii) obtain financing satisfactory to it in order to pay, and to pay, all amounts outstanding under the Third Amended and Restated Credit Agreement, dated August 24, 2007, among Holdings, the lenders party

thereto, Citicorp North America, Inc., as Administrative Agent, and Citibank, N.A., as Issuing Bank, as amended by the First Amendment to Third Amended and Restated Credit Agreement, dated November 8, 2007, among Holdings, the Term Loan B lenders party thereto, Citicorp North

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America, Inc., as Administrative Agent, and Citigroup Global Markets, Inc. and Lehman Brothers Inc. as Co-Arrangers and Joint Bookrunners, as in effect on the date of the merger agreement (the Holdings Credit Agreement ) unless otherwise consented to by lenders under the Holdings Credit Agreement

Holdings will, and will cause each of its subsidiaries to, cause the satisfaction on or prior to the closing date of (or secure the lenders waiver of) all Holdings obligations required under the Holdings Credit Agreement to be satisfied on or prior to the closing date.

***Indemnification; Directors and Officers Insurance***

Without limiting any additional rights that any director, officer, trustee, employee, agent, or fiduciary may have under any employment or indemnification agreement or under the Holdings partnership agreement, the limited liability company agreement of Holdings GP or the merger agreement or, if applicable, similar organizational documents or agreements of any of Holdings subsidiaries, from and after the effective time, the Partnership's general partner, the Partnership and the surviving entity, jointly and severally, will: (i) indemnify and hold harmless each person who is at the date of the merger agreement or during the period from the date of the merger agreement through the date of the effective time serving as a director or officer of Holdings GP or the Partnership GP or of any of their respective subsidiaries or as a trustee of (or in a similar capacity with) any compensation and benefit plan of any thereof (collectively, the Indemnified Parties ) to the fullest extent authorized or permitted by applicable law, as in effect at or after the time of the merger agreement, in connection with any claim and any losses, claims, damages, liabilities, costs, indemnification expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of any thereof) resulting therefrom; and (ii) promptly pay on behalf of or, within 10 days after any request for advancement, advance to each of the Indemnified Parties, any indemnification expenses incurred in defending, serving as a witness with respect to or otherwise participating with respect to any claim in advance of the final disposition of such claim, including payment on behalf of or advancement to the Indemnified Party of any indemnification expenses incurred by such Indemnified Party in connection with enforcing any rights with respect to such indemnification and/or advancement, in each case without the requirement of any bond or other security. The indemnification and advancement obligations of the Partnership's general partner, the Partnership and the surviving entity pursuant to the merger agreement will extend to acts or omissions occurring at or before the effective time and any claim relating thereto (including with respect to any acts or omissions occurring in connection with the approval of the merger agreement and the consummation of the merger and the transactions contemplated by the merger agreement, including the consideration and approval thereof and the process undertaken in connection therewith and any claim relating thereto), and all rights to indemnification and advancement conferred under the merger agreement will continue as to any Indemnified Party who has ceased to be a director or officer of Holdings GP or the Partnership GP after the date of the merger agreement and will inure to the benefit of such person's heirs, executors and personal and legal representatives. Neither the Partnership's general partner nor the Partnership or MergerCo will settle, compromise or consent to the entry of any judgment in any actual or threatened action in respect of which indemnification has been or could be sought by such Indemnified Party under the merger agreement unless the settlement, compromise or judgment includes an unconditional release of that Indemnified Party from all liability arising out of that action without admission or finding of wrongdoing, or that Indemnified Party otherwise consents to such settlement, compromise or judgment.

Without limiting the foregoing, the Partnership and MergerCo agree that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the effective time existing as of the time of the merger agreement in favor of the indemnitees as provided in the Holdings partnership agreement (or, as applicable, the charter, bylaws, partnership agreement, limited liability company agreement, or other organizational documents of any of Holdings subsidiaries) and indemnification agreements of Holdings or any of its subsidiaries will be assumed by the surviving entity, the Partnership and the new Partnership GP in the merger, without further action, at the effective time and will survive the merger and will continue in full force and effect in accordance with their

terms.

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For a period of six years from the effective time, the Sixth Partnership Agreement will contain provisions no less favorable with respect to indemnification, advancement of expenses and limitations on liability of directors and officers than are set forth in the Holdings partnership agreement, which provisions will not be amended, repealed or otherwise modified for a period of six years from the effective time in any manner that would affect adversely the rights under the Sixth Partnership Agreement of individuals who, at or prior to the effective time, were Indemnified Parties, unless such modification is required by law and then only to the minimum extent required by law.

For a period of six years from the effective time, the Partnership will, or will cause EPCO to, maintain in effect the current directors and officers liability insurance policies covering the Indemnified Parties maintained by EPCO (but may substitute therefor other policies of at least the same coverage and amounts containing terms and conditions that are no less advantageous to the Indemnified Parties so long as that substitution does not result in gaps or lapses in coverage) with respect to matters occurring on or before the effective time, but neither the Partnership nor EPCO will be required to pay annual premiums in excess of 300% of the last annual premiums paid for the insurance policies prior to the date of the merger agreement and will purchase as much coverage as is reasonably practicable for that amount if the coverage described in this the merger agreement would cost in excess of that amount.

If the Partnership, the Partnership's general partner, the surviving entity or any of their respective successors or assigns (i) consolidates with or merges with or into any other person and will not be the continuing or surviving corporation, partnership or other entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any person, then, and in each case, proper provision will be made so that the successors and assigns of the Partnership, the Partnership's general partner following the merger or the surviving entity assume the obligations set forth in the provisions of the merger agreement summarized under this section Indemnification; Directors and Officers Insurance. The Partnership and the Partnership's general partner following the merger will cause the surviving entity to perform all of the obligations of the surviving entity under these provisions of the merger agreement. These provisions will survive the consummation of the merger and are intended to be for the benefit of, and will be enforceable by, the Indemnified Parties and the indemnitees and their respective heirs and personal representatives, and will be binding on the Partnership, the Partnership's general partner following the merger, the surviving entity and their respective successors and assigns.

### ***Notification of Certain Matters***

Each of Holdings and the Partnership will give prompt notice to the other of (i) any fact, event or circumstance known to it that (a) is reasonably likely, individually or taken together with all other facts, events and circumstances known to it, to result in any material adverse effect with respect to it or (b) would cause or constitute a material breach of any of its representations, warranties, covenants or agreements contained in the merger agreement, and (ii) (a) any change in its condition (financial or otherwise) or business or (b) any litigation or governmental complaints, investigations or hearings, in each case to the extent such change, litigation, complaints, investigations, or hearings results in, or would reasonably be expected to result in, a material adverse effect.

### ***Rule 16b-3***

Prior to the effective time, Holdings will take any steps that are reasonably requested by any party to the merger agreement to cause dispositions of Holdings equity securities (including derivative securities) pursuant to the transactions contemplated by the merger agreement by each individual who is a director or officer of Holdings to be exempt under Rule 16b-3 promulgated under the Exchange Act in accordance with the No-Action Letter dated January 12, 1999 issued by the SEC regarding such matters.

### ***Amended and Restated Partnership Agreement***

Effective as of the effective time, the Partnership's general partner will execute and make effective the Sixth Partnership Agreement. Promptly after the effective time, Holdings GP will execute and file an amended



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certificate of limited partnership evidencing its status as the new general partner of the Partnership in accordance with the Delaware Revised Uniform Limited Partnership Act (the Delaware Act ) and the Sixth Partnership Agreement.

***Holdings Board Membership***

The members of the Holdings Board immediately prior to the effective time will continue to serve as members of the board of directors of Holdings GP following the effective time unless otherwise determined or removed effective at such time or thereafter by the sole member of Holdings GP in accordance with the limited liability company agreement of Holdings GP. Immediately following the effective time, however, Holdings GP will continue to maintain a Holdings ACG Committee consisting of not less than three independent directors in accordance with the Sixth Partnership Agreement.

***Distributions***

Each of Holdings GP and the Partnership GP will consult with the other regarding the declaration and payment of distributions in respect of the Holdings units and the Partnership common units and the record and payment dates relating to any such distributions, so that no Holdings unitholder will receive two distributions, or fail to receive one distribution, for any single calendar quarter with respect to its applicable Holdings units or any Partnership common units any such Holdings unitholder receives in exchange for his Holdings units pursuant to the merger.

***Fourth Amendment to Holdings Partnership Agreement***

Effective immediately prior to the GP merger and the effective time, Holdings GP will execute and deliver the Fourth Amendment to the First Amended and Restated Agreement of Limited Partnership of Holdings, and, in connection with the Fourth Amendment, Holdings will issue 13,921 Holdings units to Holdings GP in exchange for the conversion of the economic general partner interest in Holdings to a non-economic general partner interest.

***Holdings GP Amended and Restated Limited Liability Company Agreement***

As of the effective time, the limited liability company agreement of Holdings GP will be amended and restated in substantially the form attached to the merger agreement as Annex B thereto.

**Termination**

The merger agreement may be terminated at any time prior to the effective time of the merger in any of the following ways:

by mutual written consent of Holdings and the Partnership;

by either Holdings or the Partnership upon written notice to the other if:

the merger is not completed on or before December 31, 2010;

any governmental authority has issued a final and nonappealable statute, rule, order, decree or regulation or taken any other action that permanently restrains, enjoins or prohibits the consummation of the merger, or makes the merger illegal and such statute, rule, order, decree or regulation has become final and nonappealable, so long as the terminating party is not then in breach of its obligation to use commercially reasonable best efforts to complete the merger promptly;

Holdings (i) determines not to, or otherwise fails to, hold the Holdings special meeting in accordance with the provisions summarized under Covenants Holdings Unitholder Approval or (ii) does not obtain the Holdings unitholder approval at the Holdings special meeting. Holdings right to terminate the merger agreement as described in this bullet point will not, however, be available to Holdings if the failure to obtain the Holdings unitholder approval was caused by the action or failure

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to act of Holdings and such action or failure to act constitutes a material breach by Holdings of the merger agreement;

there has been a material breach of or any material inaccuracy in any of the representations or warranties set forth in the merger agreement on the part of any of the other parties (treating the Partnership and the Partnership GP as one party, and Holdings and Holdings GP as one party, for the purposes of the provision summarized in this bullet point), which breach is not cured within 30 days following receipt by the breaching party of written notice of its breach from the terminating party, or which breach, by its nature, cannot be cured prior to December 31, 2010 (provided in any such case that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement). No party will have the right, however, to terminate the merger agreement pursuant to the provision summarized in this bullet point unless the breach of a representation or warranty, together with all other such breaches, would entitle the party receiving such representation not to consummate the transactions contemplated by the merger agreement because the closing conditions described in the first bullet point under Conditions to the Merger Additional Conditions to the Obligations of Holdings or Conditions to the Merger Additional Conditions to the Obligations of the Partnership, as applicable, have not been met; or

there has been a material breach of any of the covenants or agreements set forth in the merger agreement on the part of any of the other parties to the merger agreement, and the breach has not been cured within 30 days following receipt by the breaching party of written notice of such breach from the terminating party, or which breach, by its nature, cannot be cured prior to the termination date (so long as the terminating party itself is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement). In no event, however, will any party have the right to terminate this Agreement pursuant to the provision summarized in this bullet point unless the breach of covenants or agreements, together with all other such breaches, would entitle the party receiving the benefit of such covenants or agreements not to consummate the transactions contemplated by the merger agreement because the closing conditions described in the first bullet point under Conditions to the Merger Additional Conditions to the Obligations of Holdings or Conditions to the Merger Additional Conditions to the Obligations of the Partnership, as applicable, have not been met.

By the Partnership, upon written notice to Holdings, in the event that a Holdings change in recommendation has occurred;

By Holdings, upon written notice to the Partnership, in the event that, at any time after the date of the merger agreement and prior to obtaining the Holdings unitholder approval, Holdings receives an acquisition proposal and the Holdings ACG Committee has concluded in good faith that such acquisition proposal constitutes a superior proposal, the Holdings ACG Committee has made a Holdings change in recommendation pursuant to the merger agreement with respect to such superior proposal, Holdings has not knowingly and intentionally breached the provisions of the merger agreement summarized above under Covenants Acquisition Proposals; Change in Recommendation, and the Holdings ACG Committee concurrently approves, and Holdings concurrently enters into, a definitive agreement with respect to such superior proposal. Notwithstanding anything in the merger agreement to the contrary, for purposes of this provision, without the prior written consent of the Partnership ACG Committee, no acquisition proposal will constitute a superior proposal if such acquisition proposal is conditioned on completion of a partners acquisition proposal that would require special approval under the Partnership s partnership agreement;

By Holdings, 30 days after written notice to the Partnership, if as a result of a change in U.S. federal income tax law, the consummation of the transactions contemplated by the merger agreement (taking into account any

available elections) could reasonably be expected to materially increase the amount of U.S. federal income tax due from any holder of Holdings units as a result of owning or disposing of Partnership common units acquired pursuant to such transactions, as compared to U.S. federal income

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tax due from such holder as a result of owning or disposing of any Holdings units in the event the transactions contemplated by the merger agreement did not occur. In no event will a termination of the merger agreement pursuant to the provision summarized in this bullet point be effective if, within 30 days after receipt of such notice, the Partnership has provided to Holdings the opinion of nationally recognized tax counsel, reasonably acceptable to Holdings, to the effect that such holder of Holdings units should not be liable for such increased tax as a result of owning or disposing of Partnership common units; or

By the Partnership, 30 days after written notice to Holdings, if as a result of a change in U.S. federal income tax law, the consummation of the transactions contemplated by the merger agreement (taking into account any available elections) could reasonably be expected to materially increase the amount of U.S. federal income tax due from any holder of Partnership common units as a result of owning or disposing of Partnership common units, as compared to U.S. federal income tax due from such holder as a result of owning or disposing of Partnership common units in the event the transactions contemplated by the merger agreement did not occur. In no event will a termination of the merger agreement pursuant to the provision summarized in this bullet point be effective if, within 30 days after receipt of such notice, Holdings has provided to the Partnership the opinion of nationally recognized tax counsel, reasonably acceptable to the Partnership, to the effect that such holder of Partnership common units should not be liable for such increased tax as a result of owning or disposing of Partnership common units.

***Effect of Termination***

In the event of the termination of the merger agreement, written notice of the termination will be given by the terminating party to the other parties specifying the provision of the merger agreement pursuant to which the termination is made, and except as provided in the provision summarized in this paragraph (other than certain provisions with regard to payment of fees and expenses, governing law, jurisdiction, remedies and other matters) will become null and void after the expiration of any applicable period following such notice. In the event of such termination, there will be no liability on the part of any party to the merger agreement, except as set forth in the provision of the merger agreement concerning fees and expenses and except with respect to the requirement to comply with the confidentiality agreement. Nothing in the merger agreement, however, will relieve any party from any liability or obligation with respect to any fraud or intentional breach of the merger agreement.

**Fees and Expenses**

Whether or not the merger is consummated, all costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring such costs and expenses, except in the following circumstances:

If the merger agreement is terminated by the Partnership because of a material breach or inaccuracy in any of the representations, warranties or covenants set forth in the merger agreement as described under Termination above, or by Holdings or the Partnership due to the failure of Holdings to obtain the Holdings unitholder approval, then Holdings will pay to the Partnership the expenses of the Partnership.

If this Agreement is terminated by Holdings because of a material breach or inaccuracy in any of the representations, warranties or covenants set forth in the merger agreement as described under Termination above, then the Partnership will pay to Holdings the expenses of Holdings. If the merger agreement is terminated by Holdings because the termination date has passed, then the Partnership will pay to Holdings the expenses of Holdings, except that the Partnership will not be required to pay such expenses if an acquisition proposal with respect to Holdings has been proposed by any person (meaning, for the purpose of the provision described in this bullet point, a person other than the Partnership, the Partnership GP and MergerCo) or any

person has publicly announced its intention (whether or not conditional) to make such an acquisition proposal or such an acquisition proposal or such intention has otherwise become publicly known to Holdings unitholders generally.

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If the merger is consummated, (i) the Partnership will pay, or cause to be paid, any and all property or transfer taxes imposed on either party in connection with the merger, (ii) expenses incurred in connection with filing, printing and mailing this proxy statement/prospectus and the registration statement will be paid by the Partnership and (iii) any filing fees payable pursuant to regulatory laws and other filing fees incurred in connection with the merger agreement will be paid by the party incurring the fees.

The amount of expenses payable by one party to another under the merger agreement will not exceed \$5.0 million.

Holdings has no obligation to pay any fee or expense in connection with the exercise of its right to enter into an agreement with respect to a superior proposal, or if the merger is not consummated because of Holdings' failure to convene a Holdings special meeting because of a Holdings change in recommendation.

**Waiver and Amendment**

Subject to compliance with applicable law, prior to the closing, any provision of the merger agreement may be waived in writing by the party benefited by the provision, or amended or modified at any time, whether before or after the Holdings unitholder approval, by an agreement in writing between the parties to the merger agreement, as long as (i) after the Holdings unitholder approval, no amendment will be made that requires further Holdings unitholder approval without such approval and (ii) in addition to any other approvals required by the parties' constituent documents, any of the waivers, amendments or modifications as described above are approved by the Partnership ACG Committee in the case of the Partnership and by the Holdings ACG Committee in the case of Holdings.

**Governing Law**

The merger agreement is governed by and interpreted under Delaware law.

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**SIXTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF THE PARTNERSHIP**

The following is a summary of the material provisions of the amended and restated partnership agreement of the Partnership. The form of the Sixth Partnership Agreement is attached hereto as Annex B.

Immediately following the effective time of the GP merger, the Partnership's existing partnership agreement will be amended and restated in substantially the form of the Sixth Partnership Agreement. The material differences between the Partnership's partnership agreement and the Sixth Partnership Agreement include: (i) the admittance of Holdings GP as the non-economic general partner of the Partnership; (ii) the current 2% economic general partner interest and the IDRs in the Partnership being cancelled; and (iii) certain other legacy provisions which are no longer applicable to the Partnership being eliminated. In addition, the form of the Sixth Partnership Agreement would permit the general partner of the Partnership to elect, in its sole discretion, to include in the Sixth Partnership Agreement a provision that would clarify that any prior or existing member of the Partnership ACG Committee is eligible to serve on the Audit and Conflicts Committee of the general partner of the Partnership following the merger.

The following provisions of the Sixth Partnership Agreement are summarized elsewhere in this proxy statement/prospectus:

with regard to distributions of Available Cash, please read the description under The Partnership in Comparison of the Rights of Partnership and Holdings Unitholders Distributions of Available Cash on page 116; and

with regard to allocations of taxable income and taxable loss, please read U.S. Federal Income Taxation of Ownership of Partnership Common Units beginning on page 137.

**Organization and Duration**

The Partnership was organized in April 1998 and will continue in existence until the close of Partnership business on December 31, 2088 or until the earlier termination of the Partnership in accordance with the Sixth Partnership Agreement.

**Purpose**

The purpose of the Partnership under the Sixth Partnership Agreement is to serve as a member of EPO, the Partnership's primary operating subsidiary, and to engage in any business activities that may be engaged in by EPO or that are approved by the general partner. The limited liability company agreement of EPO provides that it may engage in any activity that was engaged in by the Partnership's predecessors at the time of the Partnership's initial public offering or reasonably related thereto and any other activity approved by the general partner.

**Power of Attorney**

Each limited partner in the Partnership, and each person who acquires a unit from a unitholder and executes and delivers a transfer application, grants to the general partner and, if appointed, a liquidator, a power of attorney to, among other things, execute and file documents required for the Partnership's qualification, continuance or dissolution. The power of attorney also grants the authority for the amendment of, and to make consents and waivers under, the Partnership's partnership agreement.



**Limited Liability**

Assuming that a limited partner does not participate in the control of the Partnership's business within the meaning of the Delaware Act and that it otherwise acts in conformity with the provisions of the Sixth Partnership Agreement, the limited partner's liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital the limited partner is obligated to contribute to the Partnership for such partner's Partnership common units plus the partner's share of any undistributed profits and assets and

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any funds wrongfully distributed to it, as described below. If it were determined, however, that the right, or exercise of the right, by the Partnership's limited partners as a group:

to remove or replace the general partner of the Partnership

to approve certain amendments to the Sixth Partnership Agreement; or

to take any other action under the Sixth Partnership Agreement

constituted participation in the control of the Partnership's business for the purposes of the Delaware Act, then the limited partners could be held personally liable for the Partnership's obligations under the laws of Delaware, to the same extent as the general partner of the Partnership. This liability would extend to persons who transact business with the Partnership who reasonably believe that a limited partner is a general partner based on the limited partner's conduct. Neither the Sixth Partnership Agreement nor the Delaware Act specifically provides for legal recourse against the general partner of the Partnership if a limited partner were to lose limited liability through any fault of the general partner of the Partnership. While this does not mean that a limited partner could not seek legal recourse, the Partnership knows of no precedent for this type of a claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the limited partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited will be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act will be liable to the limited partnership for the amount of the distribution for three years from the date of distribution. Under the Delaware Act, an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations of its assignor to make contributions to the limited partnership, excluding any obligations of the assignor with respect to wrongful distributions, as described above, except the assignee is not obligated for liabilities unknown to it at the time it became a limited partner and that could not be ascertained from the limited partnership agreement.

The Partnership's subsidiaries conduct business in multiple states. Maintenance of the Partnership's limited liability as a limited partner or member of the Partnership's subsidiaries formed as limited partnerships or limited liability companies may require compliance with legal requirements in the jurisdictions in which such subsidiaries conduct business, including qualifying the Partnership's subsidiaries to do business there. Limitations on the liability of a limited partner or member for the obligations of a limited partnership or limited liability company have not been clearly established in many jurisdictions.

If it were determined that the Partnership was, by virtue of the Partnership's limited partner interest or limited liability company interest in its subsidiaries or otherwise, conducting business in any state without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace the general partner of the Partnership, to approve certain amendments to the Sixth Partnership Agreement, or to take other action under the Sixth Partnership Agreement constituted participation in the control of the Partnership's business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for the Partnership's obligations under the law of that jurisdiction to the same extent as the general partner of the Partnership under the circumstances. The Partnership will operate in a manner that the general partner of the Partnership considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.



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**Voting Rights**

The following matters require the Partnership unitholder vote specified below.

Amendment of the Sixth Partnership Agreement	Certain amendments may be made by the general partner of the Partnership without the approval of Partnership common unitholders. Certain other amendments require the approval of the holders of a majority of outstanding Partnership common units. Certain other amendments require the approval of the holders of a super-majority of outstanding Partnership common units, and certain amendments that would have a material adverse effect on a class of Partnership interests require the approval of a majority of the Partnership interests to be affected by such amendment. Please read Amendment to the Sixth Partnership Agreement beginning on page 90.
Sale of all or substantially all of the Partnership's assets	The holders of a majority of the outstanding Partnership common units. Please read Merger, Sale or Other Disposition of Assets on page 91.
Dissolution of the Partnership	The holders of a majority of the outstanding Partnership common units. Please read Termination and Dissolution beginning on page 92.
Removal/Replacement of the general partner	The holders of 60% of the outstanding Partnership common units. Please read Withdrawal or Removal of the General Partner on page 92.

***Class B Units***

Holders of Class B units are entitled to vote together with the Partnership common unitholders as a single class on all matters that Partnership common unitholders are entitled to vote on. Holders of the Class B units are entitled to vote as a separate class on any matter that adversely affects the rights or preference of such class in relation to other classes of partnership interests. The approval of the holders of a majority of the Class B units is required to approve any matter for which the Class B unitholders are entitled to vote as a separate class.

**Issuance of Additional Securities**

The Sixth Partnership Agreement authorizes the Partnership to issue an unlimited number of additional limited partner interests and other equity securities that are equal in rank with or junior to Partnership common units on terms and conditions established by the general partner in its sole discretion without the approval of any limited partners.

It is possible that the Partnership will fund acquisitions through the issuance of additional common units or other equity securities. Holders of any additional common units the Partnership issues will be entitled to share equally with the then-existing holders of common units in the Partnership's cash distributions. In addition, the issuance of additional partnership interests may dilute the value of the interests of the then-existing holders of common units in the Partnership net assets.

In accordance with Delaware law and the provisions of the Sixth Partnership Agreement, the Partnership may also issue additional partnership interests that, in the sole discretion of the general partner, may have special voting rights to which Partnership common units are not entitled.

The general partner has the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other equity securities whenever, and on the same terms that, the Partnership issues those securities to persons other than the general partner and its affiliates, to the extent necessary to maintain their percentage interests in the Partnership that existed immediately prior to the issuance. The holders of common units will not have preemptive rights to acquire additional common units or other partnership interests in the Partnership.

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On October 26, 2009, the Partnership entered into Amendment No. 4 to its partnership agreement. This amendment authorizes a series of Partnership limited partner interests called Class B units. The Class B units will not be entitled to regular quarterly cash distributions for the first sixteen quarters following the closing of the TEPPCO merger (which occurred on October 26, 2009). The Class B units will convert automatically into the same number of Partnership common units on the date immediately following the payment date of the sixteenth quarterly distribution following October 26, 2009, and holders of such converted units will thereafter be entitled to receive distributions of available cash.

### **Amendment to the Sixth Partnership Agreement**

Amendments to the Sixth Partnership Agreement may be proposed only by the general partner. Any amendment that materially and adversely affects the rights or preferences of any type or class of limited partner interests in relation to other types or classes of limited partner interests or the general partner interest will require the approval of at least a majority of the type or class of limited partner interests or general partner interests so affected. However, in some circumstances, more particularly described in the Sixth Partnership Agreement, the general partner may make amendments to the Sixth Partnership Agreement without the approval of the Partnership's limited partners or assignees to reflect:

a change in the Partnership's name, the location of its principal place of business, its registered agent or its registered office;

the admission, substitution, withdrawal or removal of partners;

a change to qualify or continue the Partnership's qualification as a limited partnership or a partnership in which its limited partners have limited liability under the laws of any state or to ensure that neither the Partnership, EPO, nor any of the Partnership's subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes;

a change that does not adversely affect the Partnership's limited partners in any material respect;

a change to (i) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute or (ii) facilitate the trading of the Partnership's limited partner interests or comply with any rule, regulation, guideline or requirement of any national securities exchange on which the Partnership's limited partner interests are or will be listed for trading;

a change in the Partnership's fiscal year or taxable year and any changes that are necessary or advisable as a result of a change in its fiscal year or taxable year;

an amendment that is necessary to prevent the Partnership, or its general partner or the general partner's directors, officers, trustees or agents from being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, as amended;

an amendment that is necessary or advisable in connection with the authorization or issuance of any class or series of the Partnership's securities;

any amendment expressly permitted in the Partnership's partnership agreement to be made by its general partner acting alone;

an amendment effected, necessitated or contemplated by a merger agreement approved in accordance with the Sixth Partnership Agreement;

an amendment that is necessary or advisable to reflect, account for and deal with appropriately the Partnership's formation of, or investment in, any corporation, partnership, joint venture, limited liability company or other entity other than EPO, in connection with the Partnership's conduct of activities permitted by the Sixth Partnership Agreement;

a merger or conveyance to effect a change in the Partnership's legal form; or

any other amendments substantially similar to the foregoing.

*No Reduction of Voting Percentage Required to Take Action.* Any amendment to the Sixth Partnership Agreement that would have the effect of reducing the voting percentage required to take any action must be

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approved by the written consent or the affirmative vote of the Partnership's limited partners constituting not less than the voting requirement sought to be reduced.

*No Enlargement of Obligations.* No amendment to the Sixth Partnership Agreement may (i) enlarge the obligations of any limited partner without its consent, unless such shall have occurred as a result of an amendment approved by not less than a majority of the outstanding partnership interests of the class affected, (ii) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable to, the general partner of the Partnership or any of its affiliates without its consent, which consent may be given or withheld in its sole discretion, (iii) change the provision of the Sixth Partnership Agreement that provides for dissolution of the Partnership (A) at the expiration of its term or (B) upon the election to dissolve the Partnership by the general partner that is approved by the holders of a majority of the outstanding Partnership common units and by special approval (as such term is defined under the Sixth Partnership Agreement), or (iv) change the term of the Partnership or, except as set forth in the provision described in clause (iii)(B) of this paragraph, give any person the right to dissolve the Partnership.

*No Material Adverse Effect on Rights and Preferences.* Except for certain amendments in connection with the merger or consolidation of the Partnership and except for those amendments that may be effected by the general partner without the consent of limited partners as described above, any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests must be approved by the holders of not less than a majority of the outstanding partnership interests of the class so affected.

*Opinion of Counsel and Partnership Unitholder Approval.* Except for those amendments that may be effected by the general partner without the consent of limited partners as described above or certain provisions in connection with a merger or consolidation of the Partnership, no amendment shall become effective without the approval of the holders of at least 90% of the outstanding units unless the Partnership obtains an opinion of counsel to the effect that such amendment will not affect the limited liability of any limited partner under applicable law.

*Further Restrictions on Amendments.* Except for those amendments that may be effected by the general partner without the consent of limited partners as described above, the foregoing provisions described above relating to the amendment of the Sixth Partnership Agreement may only be amended with the approval of the holders of at least 90% of the outstanding units.

## **Merger, Sale or Other Disposition of Assets**

The Sixth Partnership Agreement generally prohibits the general partner, without the prior approval of a majority of the outstanding Partnership common units, from causing the Partnership to, among other things, sell, exchange or otherwise dispose of all or substantially all of the assets of the Partnership or EPO in a single transaction or a series of related transactions (including by way of merger, consolidation or other combination). The general partner may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership or EPO without the approval of a Unit Majority (as defined in the Sixth Partnership Agreement). The Sixth Partnership Agreement generally prohibits the general partner from causing the Partnership to merge or consolidate with another entity without the approval of a majority of the members of the Partnership ACG Committee, at least one of which majority meets certain independence requirements (such approval constituting special approval under the Sixth Partnership Agreement).

If certain conditions specified in the Sixth Partnership Agreement are satisfied, the Partnership's general partner may merge the Partnership or any of its subsidiaries into, or convey some or all of the Partnership's assets to, a newly formed entity if the sole purpose of that merger or conveyance is to change the Partnership's legal form into another



limited liability entity.

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### **Reimbursements of the General Partner**

The general partner does not receive any compensation for its services as the general partner. It is, however, entitled to be reimbursed for all of its costs incurred in managing and operating the Partnership's business. The Sixth Partnership Agreement provides that the general partner will determine the expenses that are allocable to the Partnership in any reasonable manner determined by the general partner in its sole discretion.

### **Withdrawal or Removal of the General Partner**

The general partner may withdraw as general partner without first obtaining approval of any Partnership unitholder by giving 90 days' written notice, and that withdrawal will not constitute a violation of the Sixth Partnership Agreement. In addition, the general partner may withdraw without unitholder approval upon 90 days' notice to Partnership limited partners if at least 50% of the outstanding Partnership common units are held or controlled by one person and its affiliates other than the general partner and its affiliates.

Upon the voluntary withdrawal of the general partner, the holders of a majority of the outstanding Partnership common units, excluding the common units held by the withdrawing general partner and its affiliates, may elect a successor to the withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, the Partnership will be dissolved, wound up and liquidated, unless within 90 days after that withdrawal, the holders of a majority of the outstanding Partnership units, excluding the common units held by the withdrawing general partner and its affiliates, agree to continue the Partnership's business and to appoint a successor general partner.

The general partner may not be removed unless that removal is approved by the vote of the holders of not less than 60% of the outstanding Partnership common units, including common units held by the general partner and its affiliates, and the Partnership receives an opinion of counsel regarding limited liability and tax matters. In addition, if the general partner is removed as general partner under circumstances where cause, as defined in the Sixth Partnership Agreement, does not exist and units held by such general partner and its affiliates are not voted in favor of such removal, the general partner will have the right to convert its general partner interest into common units or to receive cash in exchange for such interests. Cause is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding the general partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as the general partner. Any removal of this kind is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding Partnership common units, including those held by the general partner and its affiliates.

### **Transfer of the General Partner Interest**

While the Sixth Partnership Agreement limits the ability of the general partner to withdraw, it allows the general partner interest to be transferred to an affiliate or to a third party in conjunction with a merger or sale of all or substantially all of the assets of the general partner. In addition, the Sixth Partnership Agreement expressly permits the sale, in whole or in part, of the ownership of the general partner. The general partner may also transfer, in whole or in part, the common units it owns.

At any time, the owners of the general partner may sell or transfer all or part of their ownership in the general partner without the approval of the unitholders.

### **Termination and Dissolution**

The Partnership will continue as a limited partnership until terminated under the Sixth Partnership Agreement. The Partnership will dissolve upon:

(1) the expiration of its term on December 31, 2088;

(2) the withdrawal, removal, bankruptcy or dissolution of the general partner unless a successor is elected and an opinion of counsel is received that such withdrawal (following the selection of a successor

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general partner) would not result in the loss of the limited liability of any limited partner or of any member of EPO or cause the Partnership or EPO to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not previously treated as such) and such successor is admitted to the Partnership as required by the Sixth Partnership Agreement;

(3) an election to dissolve the Partnership by the general partner that receives special approval (as defined in the Sixth Partnership Agreement) and is approved by a majority of the holders of Partnership common units;

(4) the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of Delaware Act; or

(5) the sale of all or substantially all of the assets and properties of the Partnership, EPO and their subsidiaries.

Upon (a) dissolution of the Partnership following the withdrawal or removal of the general partner and the failure of the partners to select a successor general partner, then within 90 days thereafter, or (b) dissolution of the Partnership upon the bankruptcy or dissolution of the general partner, then, to the maximum extent permitted by law, within 180 days thereafter, the holders of a majority of the holders of Partnership common units may elect to reconstitute the Partnership and continue its business on the same terms and conditions set forth in the Sixth Partnership Agreement by forming a new limited partnership on terms identical to those set forth in the Sixth Partnership Agreement and having as the successor general partner a person approved by the holders of a majority of the holders of Partnership common units. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs.

## **Liquidation and Distribution of Proceeds**

Upon the Partnership's dissolution, unless it is reconstituted and continued as a new limited partnership, the person authorized to wind up its affairs (the liquidator) will, acting with all the powers of the general partner that the liquidator deems necessary or desirable in its good faith judgment, liquidate the Partnership's assets. The proceeds of the liquidation will be applied as follows:

first, towards the payment of all of the Partnership's creditors and the creation of a reserve for contingent liabilities; and

then, to all partners in accordance with the positive balance in the respective capital accounts.

Under some circumstances and subject to some limitations, the liquidator may defer liquidation or distribution of the Partnership's assets for a reasonable period of time. If the liquidator determines that a sale would be impractical or would cause a loss to the Partnership's partners, the general partner may distribute assets in kind to the Partnership's partners.

## **Meetings; Voting**

For purposes of determining the limited partners entitled to notice of or to vote at a meeting of limited partners or to give approvals without a meeting, the general partner may set a record date, which shall not be less than 10 nor more than 60 days before (i) the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any national securities exchange on which the limited partner interests are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern) or (ii) in the event that approvals are sought without a meeting, the date by which limited partners are requested in writing by the general partner to give such approvals.

If authorized by the general partner, any action that may be taken at a meeting of the limited partners may be taken without a meeting if an approval in writing setting forth the action so taken is signed by limited partners owning not less than the minimum percentage of the outstanding limited partner interests (including limited partner interests deemed owned by the general partner) that would be necessary to authorize or take

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such action at a meeting at which all the limited partners were present and voted (unless such provision conflicts with any rule, regulation, guideline or requirement of any national securities exchange on which the limited partner interests are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern). Special meetings of limited partners may be called by the general partner or by limited partners owning 20% or more of the outstanding limited partner interests of the class or classes for which a meeting is proposed. The holders of a majority of the outstanding limited partner interests of the class or classes for which a meeting has been called (including limited partner interests deemed owned by the general partner) represented in person or by proxy shall constitute a quorum at a meeting of limited partners of such class or classes unless any such action by the limited partners requires approval by holders of a greater percentage of such limited partner interests, in which case the quorum shall be such greater percentage.

Each holder of common units and Class B units is entitled to one vote for each unit on all matters submitted to a vote of the common unitholders. Holders of the Class B units are entitled to vote as a separate class on any matter that adversely affects the rights or preference of such class in relation to other classes of partnership interests. The approval of a majority of the Class B units is required to approve any matter for which the Class B unitholders are entitled to vote as a separate class. Partnership common units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and its nominee provides otherwise.

## **Limited Call Right**

If at any time the general partner and its affiliates own 85% or more of the issued and outstanding limited partner interests of any class, the general partner will have the right to purchase all, but not less than all, of the outstanding limited partner interests of that class that are held by non-affiliated persons. The record date for determining ownership of the limited partner interests would be selected by the general partner on at least 10 but not more than 60 days notice. The purchase price in the event of a purchase under these provisions would be the greater of (1) the current market price (as defined in the Sixth Partnership Agreement) of the limited partner interests of the class as of the date three days prior to the date that notice is mailed to the limited partners as provided in the Sixth Partnership Agreement and (2) the highest cash price paid by the general partner or any of its affiliates for any limited partner interest of the class purchased within the 90 days preceding the date the general partner mails notice of its election to purchase the units.

## **Indemnification**

Section 17-108 of the Delaware Act empowers a Delaware limited partnership to indemnify and hold harmless any partner or other person from and against all claims and demands whatsoever. The Sixth Partnership Agreement provides that the Partnership will indemnify (i) the general partner, (ii) any departing general partner, (iii) any person who is or was an affiliate of the general partner or any departing general partner, (iv) any person who is or was a member, partner, officer director, employee, agent or trustee of the general partner or any departing general partner or any affiliate of the general partner or any departing general partner or (v) any person who is or was serving at the request of the general partner or any departing general partner or any affiliate of any such person, any affiliate of the general partner or any fiduciary or trustee of another person (each, a Partnership Indemnitee ), to the fullest extent permitted by law, from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including, without limitation, legal fees and expenses), judgments, fines, penalties, interest, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Partnership Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as a Partnership Indemnitee; *provided* that in each case the Partnership Indemnitee acted in good faith and in a manner that such Partnership Indemnitee reasonably believed to be in or not opposed to the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause

to believe its conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere*, or its equivalent, shall not create an assumption that the Partnership Indemnitee acted in a manner contrary to that specified above. Any indemnification under these

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provisions will be only out of the assets of the Partnership, and the general partner shall not be personally liable for, or have any obligation to contribute or lend funds or assets to the Partnership to enable it to effectuate, such indemnification. The Partnership is authorized to purchase (or to reimburse the general partner or its affiliates for the cost of) insurance against liabilities asserted against and expenses incurred by such persons in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such person against such liabilities under the provisions described above.

Section 18-108 of the Delaware Limited Liability Company Act provides that, subject to such standards and restrictions, if any, as are set forth in its limited liability company agreement, a Delaware limited liability company may, and shall have the power to, indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever. The limited liability company agreement of Holdings GP, which will be admitted as the new sole general partner of the Partnership as a result of the merger and in accordance with the Sixth Partnership Agreement, provides for the indemnification of (i) present or former members of the board of directors of Holdings GP or any committee thereof, (ii) present or former officers, employees, partners, agents or trustees of Holdings GP or (iii) persons serving at the request of Holdings GP in another entity in a similar capacity as that referred to in the immediately preceding clauses (i) or (ii) (each, a General Partner Indemnitee) to the fullest extent permitted by law, from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, penalties, interest, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any such person may be involved, or is threatened to be involved, as a party or otherwise, by reason of such person's status as a General Partner Indemnitee; *provided*, that in each case the General Partner Indemnitee acted in good faith and in a manner which such General Partner Indemnitee believed to be in, or not opposed to, the best interests of Holdings GP and, with respect to any criminal proceeding, had no reasonable cause to believe such General Partner Indemnitee's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere*, or its equivalent, shall not create a presumption that the General Partner Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to these provisions shall be made only out of the assets of Holdings GP. Holdings GP is authorized to purchase and maintain insurance, on behalf of the members of its board of directors, its officers and such other persons as the board of directors may determine, against any liability that may be asserted against or expense that may be incurred by such person in connection with the activities of Holdings GP, regardless of whether Holdings GP would have the power to indemnify such person against such liability under the provisions of its limited liability company agreement.





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Income	\$ 20,858.3	\$ 23,612.1	\$ 26,713.8	\$ 35,469.6	\$ 25,510.9	\$ 10,321.2	\$ 16,087.9	\$ 25,510.9	\$ 16,087.9
Income	577.4	787.6	838.0	1,188.9	1,155.1	528.0	767.1	1,140.3	1,140.3
Income									
available to									
controlling									
partner	(157.9)	(186.5)	(304.4)	(234.9)	(124.2)	(116.1)	(32.1)	(110.7)	(110.7)
Income									
available to									
partnership	\$ 419.5	\$ 601.1	\$ 533.6	\$ 954.0	\$ 1,030.9	\$ 411.9	\$ 735.0	\$ 1,029.6	\$ 1,029.6
Income									
per									
from									
continuing									
operations:									
Earnings									
per	\$ 0.90	\$ 1.20	\$ 0.95	\$ 1.84	\$ 1.73	\$ 0.73	\$ 0.97	\$ 1.60	\$ 1.60
Income									
per									
partner	\$ 0.90	\$ 1.20	\$ 0.95	\$ 1.84	\$ 1.73	\$ 0.73	\$ 0.96	\$ 1.53	\$ 1.53
Income									
available to									
partnership									
Income									
per									
from									
continuing									
operations:									
Earnings									
per									
partner	\$ 1.6975	\$ 1.8250	\$ 1.9475	\$ 2.0750	\$ 2.1950	\$ 1.0825	\$ 1.1425	\$ 2.1950	\$ 2.1950

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	<b>Partnership Consolidated Historical</b>							<b>Partnership Pro Forma</b>	
	<b>2005</b>	<b>For the Year Ended December 31,</b>				<b>For the Six Months</b>		<b>For</b>	<b>For the</b>
		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Ended June 30,</b>	<b>December 31,</b>	<b>the</b>	<b>Six</b>
					<b>2009</b>	<b>2010</b>	<b>Year</b>	<b>Months</b>	
							<b>Ended</b>	<b>Ended</b>	
							<b>2009</b>	<b>2010</b>	
	<b>(Dollars in millions, except per unit amounts)</b>								
<b>Balance sheet data (at period end):</b>									
Total assets	\$ 17,486.7	\$ 19,109.2	\$ 22,515.5	\$ 24,211.6	\$ 26,151.6	\$ 25,545.4	\$ 28,289.5	n/a	\$ 29,740.1
Total long-term debt, including current maturities	6,358.8	6,898.9	8,771.1	11,637.9	11,346.4	12,139.5	12,671.5	n/a	13,766.3
Total equity	8,203.8	9,124.9	9,016.5	9,295.9	10,042.3	9,516.8	10,925.4	n/a	11,276.9

**Selected Historical Consolidated Financial Information of Holdings**

	<b>Holdings Consolidated Historical</b>						
	<b>2005</b>	<b>For the Year Ended December 31,</b>				<b>For the Six Months</b>	
		<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Ended June 30,</b>	<b>2010</b>
					<b>2009</b>	<b>2010</b>	
	<b>(Dollars in millions, except per unit amounts)</b>						
<b>Income statement data:</b>							
Revenues	\$ 20,858.2	\$ 23,612.2	\$ 26,713.8	\$ 35,469.6	\$ 25,510.9	\$ 10,321.2	\$ 16,087.9
Net income	560.9	772.4	762.0	1,145.1	1,140.3	521.7	746.8
Net income attributable to noncontrolling interest	(478.7)	(638.4)	(653.0)	(981.1)	(936.2)	(419.7)	(622.8)
Net income attributable to Holdings	\$ 82.2	\$ 134.0	\$ 109.0	\$ 164.0	\$ 204.1	\$ 102.0	\$ 124.0

**Earnings per unit from continuing operations:**

Basic earnings per unit	\$	0.90	\$	1.30	\$	0.97	\$	1.33	\$	1.48	\$	0.75	\$	0.89
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Diluted earnings per unit	\$	0.90	\$	1.30	\$	0.97	\$	1.33	\$	1.48	\$	0.75	\$	0.89
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**Distributions to limited partners:**

Per unit (declared with respect to period)	\$	0.372	\$	1.290	\$	1.550	\$	1.790	\$	2.030	\$	0.985	\$	1.105
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**Balance sheet data (at period end):**

Total assets	\$	17,483.9	\$	19,120.1	\$	24,084.4	\$	25,780.4	\$	27,686.3	\$	27,109.2	\$	29,786.8
Total long-term debt, including current maturities		6,493.3		7,053.9		9,861.2		12,714.9		12,427.9		13,208.0		13,766.3
Total equity		8,063.6		8,968.7		9,530.0		9,759.4		10,473.1		9,984.3		11,300.9

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**Table of Contents****THE MERGER PARTIES BUSINESSES****Holdings Business**

*This section summarizes information from Holdings' Annual Report on Form 10-K for the year ended December 31, 2009 and the other filings incorporated into this proxy statement/prospectus by reference. For a more detailed discussion of Holdings' business, please read the Business and Properties section contained in Holdings' 2009 Annual Report on Form 10-K and the other filings incorporated into this document by reference.*

**General**

Holdings is a publicly traded Delaware limited partnership, the limited partnership interests of which are listed on the NYSE under the ticker symbol EPE. The business of Holdings consists of the ownership of general and limited partner interests of publicly traded partnerships engaged in the midstream energy industry and related businesses.

Holdings owns the following direct and indirect interests in the Partnership:

the indirect ownership of all of the outstanding IDRs in the Partnership, through its ownership of all of the outstanding limited liability company interests in Partnership GP;

the indirect ownership of the general partner interest in the Partnership (representing a 2.0% economic interest in the Partnership), through its ownership of all of the outstanding limited liability company interests in Partnership GP; and

the direct ownership of 21,563,177 Partnership common units, representing an approximately 3.4% limited partner interest in the Partnership.

Holdings also owns (i) 38,976,090 common units of Energy Transfer Equity representing approximately 17.5% of Energy Transfer Equity's outstanding common units and (ii) a non-controlling member interest in its general partner, LE GP.

Holdings is owned 99.99% by its limited partners and 0.01% by Holdings GP. Holdings GP is a wholly owned subsidiary of DDLLC, the membership interests of which are currently owned of record collectively by the DDLLC voting trustees. Holdings has no operations apart from its investing activities and indirectly overseeing the management of the entities controlled by it.

The following table summarizes the cash distributions Holdings received for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 (dollars in millions):

			<b>For the Six Months Ended</b>
			<b>June 30, 2010</b>
<b>For the Year Ended</b>			
<b>December 31,</b>			
<b>2007</b>	<b>2008</b>	<b>2009</b>	

**Cash distributions to Holdings:**

## Investment in the Partnership and Partnership GP:

From IDRs	\$ 104.7	\$ 123.9	\$ 161.3	\$ 110.8
From Partnership common units	25.8	27.5	33.5	24.1
From 2% economic general partner interest in the Partnership	16.9	18.2	21.8	14.4
Investment in Energy Transfer Equity and LE GP(1)	29.9	76.5	82.7	42.5
Investment in TEPPCO and TEPPCO GP(2)	60.3	67.4	56.1	
Total cash distributions received by Holdings	\$ 237.6	\$ 313.5	\$ 355.4	\$ 191.8

(1) Includes 38,976,090 common units of Energy Transfer Equity and a member interest in LE GP.

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- (2) Included 4,400,000 common units of TEPPCO and the 2% general partner interest and IDRs in TEPPCO. On October 26, 2009, the TEPPCO merger was completed and TEPPCO and TEPPCO GP became wholly owned subsidiaries of the Partnership. As a result, Holdings' ownership interest in the TEPPCO units was converted into 5,456,000 Partnership common units. In addition, Holdings' membership interests in TEPPCO GP were exchanged for (i) 1,331,681 Partnership common units and (ii) an increase in the capital account of Partnership GP in the Partnership to maintain its 2% economic general partner interest in the Partnership. The issuance of Partnership common units in the TEPPCO merger also resulted in Holdings benefiting from increased distributions with respect to the IDRs in the Partnership.

Holdings' principal executive offices are located at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002, Holdings' telephone number is (713) 381-6500 and Holdings' website is [www.enterprisegp.com](http://www.enterprisegp.com).

***Holdings' Business Segments***

Holdings has six reportable business segments: (i) NGL Pipelines & Services; (ii) Onshore Natural Gas Pipelines & Services; (iii) Onshore Crude Oil Pipelines & Services; (iv) Offshore Pipelines & Services; (v) Petrochemical & Refined Products Services; and (vi) Other Investments. As discussed below, the first five of these business segments consist of the same five business segments as the Partnership, which is a consolidated subsidiary of Holdings for financial reporting purposes.

*NGL Pipelines & Services.* Holdings' NGL Pipelines & Services business segment includes its (i) natural gas processing business and related NGL marketing activities, (ii) NGL pipelines aggregating approximately 16,300 miles, (iii) NGL and related product storage and terminal facilities with 163.4 million barrels, or MMBbls, of working storage capacity and (iv) NGL fractionation facilities. This segment also includes Holdings' import and export terminal operations.

*Onshore Natural Gas Pipelines & Services.* Holdings' Onshore Natural Gas Pipelines & Services business segment includes approximately 19,600 miles of onshore natural gas pipeline systems that provide for the gathering and transportation of natural gas in Alabama, Colorado, Louisiana, Mississippi, New Mexico, Texas and Wyoming. Holdings owns two salt dome natural gas storage facilities located in Mississippi and leases natural gas storage facilities located in Texas and Louisiana. This segment also includes Holdings' related natural gas marketing activities.

*Onshore Crude Oil Pipelines & Services.* Holdings' Onshore Crude Oil Pipelines & Services business segment includes approximately 4,400 miles of onshore crude oil pipelines and 10.5 MMBbls of above-ground storage tank capacity. This segment also includes Holdings' crude oil marketing activities.

*Offshore Pipelines & Services.* Holdings' Offshore Pipelines & Services business segment serves some of the most active drilling and development regions, including deepwater production fields, in the northern Gulf of Mexico, offshore Texas, Louisiana, Mississippi and Alabama. This segment includes approximately 1,400 miles of offshore natural gas pipelines, approximately 1,000 miles of offshore crude oil pipelines and six offshore hub platforms.

*Petrochemical & Refined Products Services.* Holdings' Petrochemical & Refined Services business segment consists of (i) propylene fractionation plants and related activities, (ii) butane isomerization facilities, (iii) an octane enhancement facility, (iv) refined products pipelines, including Holdings' Products Pipeline System and related activities and (v) marine transportation and other services.

*Other Investments.* Holdings' Other Investments segment reflects its non-controlling ownership interests in Energy Transfer Equity and its general partner, LE GP.

**The Partnership's Business**

*This section summarizes information from the Partnership's Annual Report on Form 10-K for the year ended December 31, 2009 and the other filings incorporated into this proxy statement/prospectus by reference. For a more detailed discussion of the Partnership's business, please read the Business and Properties*



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*section contained in its 2009 Annual Report on Form 10-K and the other filings incorporated into this proxy statement/prospectus by reference.*

### ***General***

The Partnership is a North American midstream energy company providing a wide range of services to producers and consumers of natural gas, NGLs, crude oil, refined products and certain petrochemicals. The Partnership's midstream energy asset network links producers of natural gas, NGLs and crude oil from some of the largest supply basins in the United States, Canada and the Gulf of Mexico with domestic consumers and international markets. The Partnership's assets include 49,100 miles of onshore and offshore pipelines; approximately 200 million barrels of storage capacity for NGLs, refined products and crude oil; and 27 billion cubic feet of natural gas storage capacity. The Partnership's midstream energy operations include: natural gas transportation, gathering, processing and storage; NGL transportation, fractionation, storage, and import and export terminaling; crude oil and refined transportation, storage, and terminaling; offshore production platforms; petrochemical transportation and storage; and a marine transportation business that operates primarily on the United States inland and Intracoastal Waterway systems and in the Gulf of Mexico. NGL products (ethane, propane, normal butane, isobutane and natural gasoline) are used as raw materials by the petrochemical industry, as feedstocks by refiners in the production of motor gasoline and by industrial and residential users as fuel.

The Partnership is a publicly traded Delaware limited partnership formed in 1998 and the Partnership's common units are listed on the NYSE under the ticker symbol EPD. The Partnership is owned 98% by its limited partners and 2% by the Partnership GP. The Partnership GP is owned by Holdings.

The Partnership's principal executive offices are located at 1100 Louisiana Street, 10th Floor, Houston, Texas 77002, the Partnership's telephone number is (713) 381-6500 and the Partnership's website is [www.epplp.com](http://www.epplp.com).

### ***The Partnership's Business Segments***

The Partnership has five reportable business segments: (i) NGL Pipelines & Services; (ii) Onshore Natural Gas Pipelines & Services; (iii) Onshore Crude Oil Pipelines & Services; (iv) Offshore Pipelines & Services; and (v) Petrochemical & Refined Products Services. These reportable business segments are identical to the reportable segments of Holdings other than Holdings' additional sixth segment, Other Investments, which relates to Holdings' investments in Energy Transfer Equity and its general partner. The Partnership provides the services in these segments directly and through its subsidiaries and unconsolidated affiliates.

### ***The Partnership's Strategy***

The Partnership's business strategies are to:

capitalize on expected development in natural gas, NGL and crude oil production resulting from development activities in the Rocky Mountains, Northeast and U.S. Gulf Coast regions, including the Barnett Shale, Haynesville Shale, Eagle Ford Shale and Marcellus Shale producing regions;

capitalize on expected demand growth for natural gas, NGLs, crude oil and refined and petrochemical products;

maintain a diversified portfolio of midstream energy assets and expand this asset base through growth capital projects and accretive acquisitions of complementary midstream energy assets;

share capital costs and risks through joint ventures or alliances with strategic partners, including those that will provide the raw materials for these growth capital projects or purchase the projects' end products; and enhance the stability of the Partnership's cash flows by investing in pipelines and other fee-based businesses.

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**CERTAIN RELATIONSHIPS; INTERESTS OF CERTAIN PERSONS IN THE MERGER**

**Relationship of the Partnership and Holdings**

The Partnership and Holdings are closely related. Holdings currently owns 100% of the limited liability company interests in the Partnership GP and 21,563,177 Partnership common units. The Partnership GP currently directly owns a 2% economic general partner interest in the Partnership and all of the Partnership's IDRs. Through its indirect ownership interests of the Partnership GP's 2% economic general partner interest in the Partnership and the Partnership's IDRs, Holdings is entitled to receive: (i) approximately 2.0% of all distributions made by the Partnership (on account of the general partner interest) and (ii) increasing percentages, up to the current maximum of 23%, of the amount of incremental cash distributed by the Partnership above certain target distribution levels in excess of the minimum quarterly distribution of \$0.225 per Partnership common unit in any quarter (on account of the IDRs). As a result, Holdings is currently entitled to receive distributions attributable to the general partner interest and IDRs in the Partnership of approximately 25% of the aggregate amount of distributions to the Partnership's partners in excess of \$0.3085 per Partnership common unit. In addition, as the owner of 21,563,177 Partnership common units, Holdings is entitled to receive approximately 3.4% of the total limited partner distributions paid by the Partnership. Since Holdings' initial public offering in August 2005, distributions by the Partnership have increased from \$0.430 per Partnership common unit for the quarter ended September 30, 2005 to \$0.5825 per Partnership common unit for the quarter ended September 30, 2010; and as a result, distributions from the Partnership to Holdings (including through the Partnership GP) have increased.

Certain executive officers of Holdings GP are also officers of the Partnership GP. Richard H. Bachmann, W. Randall Fowler, William Ordemann, Bryan F. Bulawa and Michael J. Knesek are all executive officers of both the Partnership GP and Holdings GP, as more fully described below under Interests of Directors and Executive Officers in the Merger.

**Relationship of the Partnership and Holdings with EPCO and Affiliates**

The Partnership and Holdings have extensive and ongoing relationships with EPCO and its affiliates, which include the following significant entities:

EPCO and its privately held affiliates, including DDLLC;

the Partnership GP, the Partnership's sole general partner; and

Holdings GP, Holdings' sole general partner.

Holdings GP is a wholly owned subsidiary of DDLLC. The membership interests of DDLLC are owned of record by a voting trust formed on April 26, 2006, pursuant to the DDLLC Voting Trust Agreement dated April 26, 2006, between DDLLC and Dan L. Duncan (as the record owner of all of the membership interests of DDLLC immediately prior to entering into the DDLLC Voting Trust Agreement and as the sole voting trustee).

Immediately upon Mr. Duncan's death on March 29, 2010, voting and dispositive control of all the membership interests of DDLLC was transferred pursuant to the DDLLC Voting Trust Agreement to three voting trustees. The current DDLLC voting trustees are: (i) Randa Duncan Williams, Mr. Duncan's oldest daughter, who is also a director of Holdings GP; (ii) Dr. Ralph S. Cunningham, who is currently the President and Chief Executive Officer (CEO) of Holdings GP; and (iii) Richard H. Bachmann, who is currently an Executive Vice President and a director of Holdings

GP, an Executive Vice President, the Chief Legal Officer and Secretary of the Partnership GP and one of three managers of DDLLC. Dr. Cunningham and Mr. Bachmann are also currently directors of Holdings GP.

EPCO beneficially owns approximately 55% of the outstanding Holdings units. EPCO is owned of record by a voting trust formed on April 26, 2006, pursuant to the EPCO Inc. Voting Trust Agreement (the EPCO Voting Trust Agreement ), between EPCO and Mr. Duncan (as the record owner of a majority of the outstanding voting capital stock of EPCO immediately prior to the entering into of the EPCO Voting Trust Agreement and as the initial sole voting trustee). Immediately upon Mr. Duncan s death, voting and

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dispositive control of such majority of the outstanding voting capital stock of EPCO was transferred pursuant to the EPCO Voting Trust Agreement to three voting trustees. The current EPCO voting trustees are Ms. Williams, Dr. Cunningham and Mr. Bachmann, who are also the DDLLC voting trustees and are each independent co-executors of the Estate of Mr. Duncan.

As of October 13, 2010, the DDLLC voting trustees and the EPCO voting trustees, in their capacities as such trustees, as independent co-executors of the Estate of Dan L. Duncan and individually, collectively owned or controlled 184,239,045 Partnership common units, representing approximately 29% of the Partnership's outstanding common units, including 4,520,431 Class B units. In addition, as of October 13, 2010, the DDLLC voting trustees and the EPCO voting trustees, in their capacities as such trustees, as executors and individually, beneficially owned approximately 77% of the limited partner interests in Holdings and 100% of Holdings GP. The Holdings supporting unitholders, who have agreed to vote in favor of the merger and the merger agreement, directly own approximately 76% of Holdings' outstanding units. The directors, executive officers and other affiliates of Holdings collectively owned or controlled (including units owned directly by the estate of Mr. Duncan) an additional 1.4% of Holdings' outstanding units.

The officers of Holdings GP are employees of EPCO. A number of EPCO employees who provide services to Holdings also provide services to the Partnership, often serving in the same positions. Holdings has an extensive and ongoing relationship with the Partnership, EPCO and other entities controlled by the DDLLC voting trustees and the EPCO voting trustees.

Holdings (through the Partnership GP) received aggregate cash distributions of \$183.1 million and \$125.2 million from the Partnership during the year ended December 31, 2009 and six months ended June 30, 2010, respectively, including incentive distributions of \$161.3 million and \$110.8 million, respectively. Holdings GP did not receive material cash distributions from Holdings during the year ended December 31, 2009 and six months ended June 30, 2010, respectively.

EPCO and its privately held affiliates depend on the cash distributions they receive from the Partnership, Holdings, and other investments to fund their other operations and to meet their debt obligations. EPCO and its privately held affiliates received \$519.7 million and \$284.1 million in cash distributions from the Partnership and Holdings during the year ended December 31, 2009 and six months ended June 30, 2010, respectively. Also, the Partnership issued \$246.3 million and \$119.5 million in Partnership common units to EPCO and its affiliates under the Partnership's distribution reinvestment program during the year ended December 31, 2009 and the six months ended June 30, 2010, respectively.

The ownership interests in the Partnership that are owned or controlled by Holdings are pledged as security under its credit facility. In addition, substantially all of the ownership interests in the Partnership that are owned or controlled by EPCO and its affiliates, other than those interests owned by Holdings, DDLLC and certain trusts affiliated with EPCO, are pledged as security under the credit facility of an affiliate of EPCO. The limited partner interests in Holdings that are owned or controlled by EPCO and certain of its affiliates, other than those interests owned by DDLLC and certain trusts affiliated with EPCO, are pledged as security under the credit facility of an affiliate of EPCO. This credit facility contains customary and other events of default relating to EPCO and certain affiliates, including the Partnership and Holdings. The Partnership intends to refinance the Holdings credit facility and to repay all amounts thereunder in connection with the closing of the merger.

An affiliate of EPCO provides trucking services to the Partnership for the transportation of NGLs and other products. The Partnership leases office space in various buildings from affiliates of EPCO. The charges for trucking services and rental rates in these lease agreements approximate market rates.

*EPCO Administrative Services Agreement.* The Partnership and Holdings have no employees. All of their operating functions and general and administrative support services are provided by employees of EPCO pursuant to an administrative services agreement ( ASA ) or by other service providers. EPCO, the

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Partnership, Holdings, Duncan Energy Partners, and their respective general partners and certain affiliates are parties to the ASA. The significant terms of the ASA are as follows:

EPCO will provide selling, general and administrative services, and management and operating services, as may be necessary to manage and operate the businesses of the Partnership and Holdings, and their respective properties and assets (all in accordance with prudent industry practices). EPCO will employ or otherwise retain the services of such personnel as may be necessary to provide such services.

The Partnership and Holdings are required to reimburse EPCO for its services in an amount equal to the sum of all costs and expenses incurred by EPCO which are directly or indirectly related to the Partnership's and Holdings' business or activities (including expenses reasonably allocated to the Partnership and Holdings by EPCO). In addition, the Partnership and Holdings have agreed to pay all sales, use, excise, value added or similar taxes, if any, that may be applicable from time to time in respect of the services provided to the Partnership and Holdings by EPCO.

EPCO will allow the Partnership and Holdings to participate as a named insured in its overall insurance program, with the associated premiums and other costs being allocated to the Partnership and Holdings.

Under the ASA, EPCO subleases to the Partnership (for \$1 per year) certain equipment which it holds pursuant to operating leases and has assigned to the Partnership its purchase option under such leases (the "retained leases"). EPCO remains liable for the actual cash lease payments associated with these agreements. The Partnership records the full value of these payments made by EPCO on its behalf as a non-cash related party operating lease expense, with the offset to equity accounted for as a general contribution to the Partnership.

The Partnership's and Holdings' operating costs and expenses for the year ended December 31, 2009 include reimbursement payments to EPCO for the direct and indirect costs incurred to operate their facilities, including compensation of employees.

Likewise, the Partnership's and Holdings' general and administrative costs for the year ended December 31, 2009 include amounts the Partnership and Holdings reimburse to EPCO for administrative services, including compensation of employees. In general, the Partnership's and Holdings' reimbursement to EPCO for administrative services is either (i) on an actual basis for direct expenses EPCO may incur on their behalf (e.g., the purchase of office supplies) or (ii) based on an allocation of such charges among the various parties to the ASA based on the estimated use of such services by the applicable party (e.g., the allocation of general legal or accounting salaries based on estimates of time spent on such entity's business and affairs).

Since the vast majority of such expenses are charged to the Partnership and Holdings on an actual basis (i.e. no mark-up or subsidy is charged or received by EPCO), the Partnership and Holdings believe that such expenses are representative of what the amounts would have been on a stand-alone basis. With respect to allocated costs, the Partnership and Holdings believe that the proportional direct allocation method employed by EPCO is reasonable and reflective of the estimated level of costs the Partnership and Holdings would have incurred on a stand-alone basis.

The ASA also addresses potential conflicts that may arise among the Partnership (including the Partnership GP), Holdings (including Holdings GP), Duncan Energy Partners (including its general partner, DEP Holdings, LLC, which is owned by the Partnership), and the EPCO Group. The EPCO Group includes EPCO and its other affiliates, but excludes the Partnership, Holdings, Duncan Energy Partners and their respective general partners. With respect to potential conflicts, the ASA provides, among other things, that:

If a business opportunity to acquire equity securities (as defined below) is presented to the EPCO Group, the Partnership (including the Partnership GP), Holdings (including Holdings GP) or Duncan Energy Partners (including DEP GP), then Holdings will have the first right to pursue such opportunity. The term equity securities is defined to include:

general partner interests (or securities which have characteristics similar to general partner interests) or interests in persons that own or control such general partner or similar interests (collectively,



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GP Interests ) and securities convertible, exercisable, exchangeable or otherwise representing ownership or control of such GP Interests; and

IDRs and limited partner interests (or securities which have characteristics similar to IDRs or limited partner interests) in publicly traded partnerships or interests in persons that own or control such limited partner or similar interests (collectively, non-GP Interests ); *provided* that such non-GP Interests are associated with GP Interests and are owned by the owners of GP Interests or their respective affiliates.

Holdings will be presumed to want to acquire the equity securities until such time as Holdings GP advises the EPCO Group, the Partnership GP and DEP GP that it has abandoned the pursuit of such business opportunity. In the event that the purchase price of the equity securities is reasonably likely to equal or exceed \$100.0 million, the decision to decline the acquisition will be made by the CEO of Holdings GP after consultation with and subject to the approval of the Audit and Conflicts Committee of Holdings GP. If the purchase price is reasonably likely to be less than \$100.0 million, the CEO of Holdings GP may make the determination to decline the acquisition without consulting the Audit and Conflicts Committee of Holdings GP.

In the event that Holdings abandons the acquisition and so notifies the EPCO Group, the Partnership GP and DEP GP, the Partnership will have the second right to pursue such acquisition. The Partnership will be presumed to want to acquire the equity securities until such time as the Partnership GP advises the EPCO Group and DEP GP that the Partnership has abandoned the pursuit of such acquisition. In determining whether or not to pursue the acquisition, the Partnership will follow the same procedures applicable to Holdings, as described above but utilizing the Partnership GP's CEO and Audit and Conflicts Committee.

In its sole discretion, the Partnership may affirmatively direct such acquisition opportunity to Duncan Energy Partners. In the event this occurs, Duncan Energy Partners may pursue such acquisition.

In the event the Partnership abandons the acquisition opportunity for the equity securities and so notifies the EPCO Group and DEP GP, the EPCO Group may pursue the acquisition or offer the opportunity to Holdings (including Holdings GP) and their controlled affiliates, in either case, without any further obligation to any other party or offer such opportunity to other affiliates.

If any business opportunity not covered by the preceding bullet point (i.e. not involving equity securities ) is presented to the EPCO Group, the Partnership (including the Partnership GP), Holdings (including Holdings GP), or Duncan Energy Partners (including DEP GP), the Partnership will have the first right to pursue such opportunity either for itself or, if desired by the Partnership in its sole discretion, for the benefit of Duncan Energy Partners. It will be presumed that the Partnership will pursue the business opportunity until such time as its general partner advises the EPCO Group, Holdings GP and DEP GP that it has abandoned the pursuit of such business opportunity.

In the event the purchase price or cost associated with the business opportunity is reasonably likely to equal or exceed \$100.0 million, any decision to decline the business opportunity will be made by the CEO of the Partnership GP after consultation with and subject to the approval of the Audit and Conflicts Committee of the Partnership GP. If the purchase price or cost is reasonably likely to be less than \$100.0 million, the CEO of the Partnership GP may make the determination to decline the business opportunity without consulting the Partnership GP's Audit and Conflicts Committee.

In its sole discretion, the Partnership may affirmatively direct such acquisition opportunity to Duncan Energy Partners. In the event this occurs, Duncan Energy Partners may pursue such acquisition.

In the event that the Partnership abandons the business opportunity for itself and Duncan Energy Partners and so notifies the EPCO Group, Holdings GP and DEP GP, Holdings will have the second right to pursue such business opportunity. It will be presumed that Holdings will pursue such acquisition until such time as its general partner declines such opportunity (in accordance with the procedures described above for the Partnership) and advises the EPCO Group that it has abandoned

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the pursuit of such business opportunity. Should this occur, the EPCO Group may either pursue the business opportunity or offer the business opportunity to Holdings (including Holdings GP) and their controlled affiliates without any further obligation to any other party or offer such opportunity to other affiliates.

None of the Partnership, Holdings, Duncan Energy Partners or their respective general partners or the EPCO Group have any obligation to present business opportunities to Holdings (including Holdings GP) or their controlled affiliates. Likewise, Holdings (including Holdings GP) and their controlled affiliates have no obligation to present business opportunities to the Partnership, Holdings, Duncan Energy Partners or their respective general partners or the EPCO Group.

The ASA was amended on January 30, 2009 to provide for the cash reimbursement by the Partnership and Holdings to EPCO for distributions of cash or securities, if any, made to certain employee partners of an employee unit partnership that has been dissolved. The ASA amendment also extended the term under which EPCO provides services to the partnership entities party to the ASA from December 2010 to December 2013 and made other updating and conforming changes.

## **Interests of Directors and Executive Officers in the Merger**

### ***General***

In considering the recommendations of the Holdings ACG Committee and the Holdings Board with respect to the merger, Holdings unitholders should be aware that certain of the executive officers and directors of Holdings GP have interests in the transaction that differ from, or are in addition to, the interests of Holdings unitholders generally, including:

certain officers of Holdings GP are also officers of the Partnership GP;

equity-based awards under Holdings benefit plans will generally be converted into equity awards with respect to Partnership common units, adjusted for the exchange ratio;

ownership of Partnership common units by existing Holdings GP officers and directors;

continued indemnification of Holdings GP's directors and executive officers;

certain directors of Holdings GP also serve as both the DDLLC voting trustees and the EPCO voting trustees and, in their capacities as trustees of the voting trusts, have authorized the Holdings supporting unitholders to enter into the support agreement; and

senior management of the Partnership GP and Holdings GP prepared projections with respect to the Partnership's and Holdings' future financial and operating performance, which were provided to Morgan Stanley for use in connection with the preparation of its fairness opinion.

The Partnership GP currently expects each of the executive officers of the Partnership GP to be elected to serve as executive officers of Holdings GP when it becomes the new general partner of the Partnership. The persons who will be elected as directors of Holdings GP following the merger have not yet been determined.

The members of the Holdings ACG Committee and the Holdings Board were aware of these interests and the relationships described below and considered them in making their determinations and recommendations with respect to the merger agreement and the merger. These interests and relationships, to the extent material, are further described

below. For more information, please read The Merger Background of the Merger, and The Merger Recommendation of the Holdings ACG Committee and the Holdings Board and Reasons for the Merger.

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***Employment by EPCO***

The officers of Holdings GP are employees of EPCO, which is controlled by the EPCO voting trustees. EPCO also employs the executive officers, who may also be directors, of the Partnership GP and Holdings GP. For additional information regarding employment by EPCO, please read Relationship of the Partnership and Holdings with EPCO and Affiliates.

***Relationships of Holdings Board Members***

Ms. Williams, Mr. Bachmann and Dr. Cunningham, who are directors of Holdings GP, are each employed by EPCO. The other members of the Holdings Board are not employed by EPCO. Some of the Holdings GP directors have interests or relationships that relate to the merger:

From April 1998 to February 2006, Mr. Andras served as a director of the Partnership GP.

From February 2006 to May 2010, Dr. Cunningham served as a director of the Partnership GP, having previously served from April 1998 to March 2005.

Mr. Bachmann has been a member of the Holdings Board since February 2006 and serves as a director and executive officer of EPCO, an officer of the Partnership GP, of Holdings GP and of certain other affiliates of the Partnership. From June 2000 to January 2004 and from February 2006 to May 2010, Mr. Bachmann served as a director of the Partnership GP.

Most of the members of the Holdings Board own equity interests in the Partnership and Holdings. For additional information regarding director ownership of such interests, please read Equity Interests of the Partnership GP s and Holdings GP s Directors and Executive Officers in Holdings and the Partnership.

***Relationships of Holdings GP Management***

All of Holdings GP s executive officers are employees of EPCO. In addition, as EPCO employees, some of Holdings GP s executive officers serve as officers of, or provide services to, other affiliates of EPCO or the Partnership controlled by the DDLCC voting trustees or the EPCO voting trustees, including:

William Ordemann, Holdings GP s Executive Vice President and Chief Operating Officer, is also Executive Vice President of the Partnership GP and Executive Vice President of DEP GP.

W. Randall Fowler, Holdings GP s Executive Vice President and Chief Financial Officer, is also Executive Vice President and Chief Financial Officer of the Partnership GP and President and CEO of DEP GP.

Richard H. Bachmann, Holdings GP s Executive Vice President, is also Executive Vice President, Chief Legal Officer and Secretary of the Partnership GP.

Bryan F. Bulawa, Holdings GP s Senior Vice President and Treasurer, is also the Senior Vice President and Treasurer of the Partnership GP and the Senior Vice President, Chief Financial Officer and Treasurer of DEP GP.

Michael J. Knesek, Holdings GP s Senior Vice President, Controller and Principal Accounting Officer, is also the Senior Vice President, Controller and Principal Accounting Officer of each of the Partnership GP and DEP GP.

In addition, most of the executive officers own equity interests in both the Partnership and Holdings. For additional information regarding executive officer ownership of such interests, please read Equity Interests of the Partnership GP s and Holdings GP s Directors and Executive Officers in Holdings and the Partnership below.

**Table of Contents*****Treatment of Equity Awards***

Certain non-employee directors of Holdings GP and directors of DEP GP own Holdings UARs. Each of Messrs. Andress, McMahan and Smith holds 30,000 Holdings UARs.

In general, Holdings equity awards will continue to vest, but will provide for the receipt of Partnership common units on vesting or exercise, as adjusted to reflect the 1.50 exchange ratio. Pursuant to the terms of the Holdings equity awards, no accelerated vesting will occur in connection with the merger, assuming the Holdings GP directors who hold these awards continue as directors after the merger.

Upon consummation of the merger, outstanding equity awards held by Holdings GP's directors and executive officers will be subject to the following treatment:

Each outstanding Holdings UAR granted prior to the date of the merger agreement will be assumed by the Partnership and converted into a number of Partnership CUARs equal to the product of the number of Holdings UARs to which such grant was subject at the time of such assumption, multiplied by 1.50 (rounded down to the nearest whole CUAR of the Partnership), with an exercise price per Partnership CUAR equal to the per Holdings UAR exercise price divided by 1.50 (rounded up to the next nearest whole cent). Each CUAR of the Partnership will be subject to, and vest upon, terms and conditions that are equivalent to the applicable Holdings UAR. In the case of directors of DEP GP whose consent has been obtained if necessary, such persons' outstanding Holdings UARs, whether or not then exercisable or vested, will cease to represent, as of the effective time of the merger, a Holdings UAR and will be converted, in settlement and cancellation thereof, into the right to receive, at the effective time, a lump sum cash payment, without interest, equal to the Fair Market Value of such Holdings unit on such date over the Grant Price per Holdings unit (with the terms Fair Market Value and Grant Price as defined under the Holdings Unit Plan). Each CUAR of the Partnership will be subject to, and vest upon, the terms and conditions that are equivalent to those applicable to the Holdings UARs. Promptly after the effective time, the Partnership will provide each holder of a Holdings UAR with a notice describing the assumption and conversion of such awards. The assumption and conversion of the Holdings UARs (and the cash-out of Holdings UARs held by directors of DEP GP) pursuant to the merger agreement will be in full satisfaction of the obligations in respect thereof.

***Equity Interests of the Partnership GP's and Holdings GP's Directors and Executive Officers in Holdings and the Partnership***

The following table sets forth the beneficial ownership of the directors and executive officers of the Partnership GP and Holdings GP in the equity of (i) Holdings, (ii) the Partnership prior to the merger and (iii) the Partnership after giving effect to the merger, each as of October 13, 2010:

	<b>Holdings Units</b>	<b>Partnership Common Units Prior to the Merger(9)</b>	<b>Partnership Common Units After the Merger(9)</b>
<b>Directors of the Partnership GP</b>			
Michael A. Creel(1)	277,271	403,310	819,216
A. James Teague(1)(2)	187,510	407,804	689,069
E. William Barnett	9,000	4,474	17,974
Charles M. Rampacek		11,935	11,935

Rex C. Ross(3)	6,048	50,945	60,017
<b>Directors of Holdings GP</b>			
Randa Duncan Williams(4)(5)	106,648,357	198,630,738	337,060,978
Dr. Ralph S. Cunningham(1)	149,351	219,186	443,212
Richard H. Bachmann(1)	232,066	345,654	693,752
Thurmon M. Andress(6)	10,397	7,400	22,995
Charles E. McMahan	11,164		16,746
Edwin E. Smith	21,797	118,204	150,899



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	<b>Holdings Units</b>	<b>Partnership Common Units Prior to the Merger(9)</b>	<b>Partnership Common Units After the Merger(9)</b>
O.S. Andras	178,571	1,700,000	1,967,856
B.W. Waycaster	433		649
<b>Executive Officers(1)</b>			
W. Randall Fowler, Executive Vice President and Chief Financial Officer of each of the Partnership GP and Holdings GP	182,116	268,789	541,963
William Ordemann, Executive Vice President of the Partnership GP and Executive Vice President and Chief Operating Officer of Holdings GP	115,841	181,130	354,891
Lynn L. Bourdon, III, Senior Vice President of the Partnership GP(7)	68,288	97,375	199,807
Bryan F. Bulawa, Senior Vice President and Treasurer of the Partnership GP and Holdings GP	4,499	35,980	42,728
James M. Collingsworth, Senior Vice President of the Partnership GP	117,291	103,480	279,416
Mark Hurley, Senior Vice President of the Partnership GP		25,000	25,000
Michael J. Knesek, Senior Vice President, Controller and Principal Accounting Officer of each of the Partnership GP and Holdings GP(8)	86,868	83,071	213,373
Christopher Skoog, Senior Vice President of the Partnership GP	11,316	74,867	91,841
Thomas M. Zulim, Senior Vice President of the Partnership GP	114,580	90,350	262,220

- (1) Information regarding the beneficial ownership of certain executive officers who are also directors of either the Partnership GP or Holdings GP, consisting of Mr. Creel, Mr. Teague, Mr. Bachmann and Dr. Cunningham, is included with their information set forth on page 111. Mr. Creel is President and Chief Executive Officer of the Partnership GP. Mr. Teague is the Executive Vice President and Chief Operating Officer of the Partnership GP. Dr. Cunningham is the President and Chief Executive Officer of Holdings GP. Mr. Bachmann is the Executive Vice President, Chief Legal Officer and Secretary of the Partnership GP, and an Executive Vice President of Holdings GP.
- (2) The Partnership common units presented for Mr. Teague include 1,000 Partnership common units owned of record by a trust and 160 Partnership common units owned of record by Mr. Teague's spouse.
- (3) The Partnership common units presented for Mr. Ross include 6,250 Partnership common units owned of record by a trust of which Mr. Ross's spouse is the trustee and a beneficiary.
- (4) The Holdings units presented for Ms. Williams are held of record by EPCO Holdings, Inc., Duncan Family Interests, Inc., DFI GP Holdings L.P., the Duncan Family 2000 Trust, the estate of Dan L. Duncan and Alkek and Williams, Ltd, an affiliate of Ms. Williams. The Partnership common units presented for Ms. Williams are held

of record by EPCO, DFIDH, EPCO Holdings, Inc., Holdings (prior to the merger), Duncan Family Interests, Inc., DFI GP Holdings L.P., certain family trusts for which Ms. Williams serves as a trustee, and Holdings GP (after the merger). Ms. Williams disclaims beneficial ownership of the Holdings units and the Partnership common units held indirectly other than to the extent of her pecuniary interest for Section 16 purposes.

- (5) Partnership common units include 4,520,431 Class B Units held of record by an affiliate of EPCO.
- (6) The Holdings units presented for Mr. Andress include 6,200 Holdings units owned of record by a limited liability partnership of which Mr. Andress owns 55%.
- (7) The Partnership common units presented for Mr. Bourdon include 600 Partnership common units owned of record by his children.

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- (8) The units presented for Mr. Knesek include 1,615 Holdings units and 776 Partnership common units owned of record by Mr. Knesek's spouse.
- (9) The Partnership common units noted above do not include any options to acquire Partnership common units owned by the directors and executive officers, as none of the options are exercisable within 60 days after the date of this proxy statement/prospectus. The following executive officers hold options exercisable into the following numbers of Partnership common units: Mr. Creel 405,000; Mr. Teague 300,000; Mr. Cunningham 300,000; Mr. Bachmann 300,000; Mr. Fowler 277,500; Mr. Ordemann 255,000; Mr. Bourdon 150,000; Mr. Bulawa 20,000; Mr. Collingsworth 150,000; Mr. Hurley 30,000; Mr. Knesek 150,000; Mr. Skoog 180,000; and Mr. Zulim 150,000. For additional information regarding options owned by the named executive officers, please see the annual reports on Form 10-K filed by Holdings and the Partnership for the year ended December 31, 2010 and other reports incorporated by reference into this proxy statement/prospectus.

### ***Director and Officer Insurance; Indemnification***

The merger agreement requires the Partnership to maintain, or to cause EPCO to maintain, for six years after the effective time of the merger, officers' and directors liability insurance for the benefit of persons who are or were at any time before the effective time of the mergers covered by the existing directors' and officers' liability insurance policies applicable to Holdings, Holdings GP or any of their subsidiaries (including the Partnership GP and the Partnership), as described more fully under *The Merger Agreement* Covenants Indemnification; Directors' and Officers' Insurance.

The merger agreement also provides for indemnification and advancement of expenses by the successor general partner of the Partnership after the merger, the Partnership and MergerCo, jointly and severally, of directors and officers of Holdings GP and the Partnership GP to the fullest extent authorized or permitted by applicable law, in addition to existing rights, as described more fully under *The Merger Agreement* Covenants Indemnification; Directors' and Officers' Insurance.

### ***Support Agreement***

Three of the directors of Holdings GP, Ms. Williams, Mr. Bachmann and Dr. Cunningham (who is also CEO of Holdings GP), also serve as both the DDLLC voting trustees and the EPCO voting trustees. These three individuals also serve as independent co-executors of the estate of Dan L. Duncan. Through these positions, these persons effectively own or control approximately 76% of the outstanding Holdings units and approximately 28% of the outstanding Partnership common units and Class B units, collectively, which securities represented an aggregate fair market value of approximately \$5.3 billion and \$7.0 billion, respectively, based on the closing prices of the Holdings units and Partnership common units on September 3, 2010, the last trading day before announcement of the merger. In their capacities as trustees of those voting trusts or as a majority of the directors of certain affiliated entities, Ms. Williams, Mr. Bachmann and Dr. Cunningham have authorized or caused the Holdings supporting unitholders to enter into the support agreement, pursuant to which the Holdings supporting unitholders have agreed to vote approximately 76% of the outstanding Holdings units in favor of the merger agreement and the merger.

For additional information about the support agreement, please read *The Merger* Transactions Related to the Merger Support Agreement.

### ***Projections***

Senior management of the Partnership GP and Holdings GP prepared projections with respect to the Partnership's and Holdings' future financial and operating performance on a stand-alone basis and on a combined basis. These

projections were provided to Morgan Stanley for use in connection with the preparation of its opinion to the Holdings ACG Committee and related financial advisory services. The projections were also provided to the Partnership Board, the Holdings Board, the Partnership ACG Committee, the Holdings ACG Committee and their respective financial advisors.

For additional information about the projections, please read [The Merger](#) [Unaudited Financial Projections of the Partnership and Holdings](#).

**Table of Contents****DIRECTORS AND OFFICERS OF THE PARTNERSHIP GP AND HOLDINGS GP**

The following persons currently serve as directors and executive officers of Holdings GP and the Partnership GP. Each of the executive officers of the Partnership GP is expected to be elected to serve as an executive officer of Holdings GP as the successor general partner of the Partnership. The persons who will continue to serve and be elected as the directors of Holdings GP following the merger have not yet been determined. In the absence of any changes, the directors of Holdings GP will continue as directors of the successor general partner of the Partnership following the merger.

<b>Name</b>	<b>Age</b>	<b>Position with the Partnership GP</b>	<b>Positions with Holdings GP</b>
Randa Duncan Williams	49		Director
Dr. Ralph S. Cunningham(1)	70		Director, President and CEO
Richard H. Bachmann(1)	57	Executive Vice President, Chief Legal Officer and Secretary	Director and Executive Vice President
Thurmon M. Andress(2)	76		Director
Charles E. McMahan(2,3)	71		Director
Edwin E. Smith(2)	79		Director
O. S. Andras	75		Director
B. W. Waycaster(2)	71		Director
Michael A. Creel(1)	56	Director, President and CEO	
A. James Teague(1)	65	Director, Executive Vice President and Chief Operating Officer	
E. William Barnett(2,3)	77	Director	
Charles M. Rampacek(2)	67	Director	
Rex C. Ross(2)	66	Director	
W. Randall Fowler(1)	54	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer
William Ordemann(1)	51	Executive Vice President	Executive Vice President and Chief Operating Officer

Lynn L. Bourdon, III(1)	48	Senior Vice President	
Bryan F. Bulawa(1)	41	Senior Vice President and Treasurer	Senior Vice President and Treasurer
James M. Collingsworth(1)	55	Senior Vice President	
Mark A. Hurley(1)	51	Senior Vice President	
Michael J. Knesek(1)	56	Senior Vice President, Controller and Principal Accounting Officer	Senior Vice President, Controller and Principal Accounting Officer
Christopher Skoog(1)	47	Senior Vice President	
Thomas M. Zulim(1)	52	Senior Vice President	

(1) Executive officer

(2) Member of applicable ACG Committee

(3) Chairman of applicable ACG Committee

*Randa Duncan Williams.* Ms. Williams was elected a director of Holdings GP in May 2007. She was elected Chairman of EPCO in May 2010, having previously served as Group Co-Chairman since 1994. Ms. Williams has served as a director of EPCO since February 1991. Prior to joining EPCO in 1994, Ms. Williams practiced law with the firms Butler & Binion and Brown, Sims, Wise & White. She currently

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serves on the boards of directors of Encore Bancshares and Encore Bank and also serves on the board of trustees for numerous charitable organizations.

*Dr. Ralph S. Cunningham.* Dr. Cunningham was elected a director, the President and CEO of Holdings GP in August 2007. He served as a director of the Partnership GP from February 2006 to May 2010, having previously served as a director of the Partnership GP from April 1998 until March 2005. In addition to these duties, Dr. Cunningham served as Group Executive Vice President and Chief Operating Officer of the Partnership GP from December 2005 to August 2007 and Interim President and Interim CEO from June 2007 to August 2007. Dr. Cunningham served as a director of DEP GP from August 2007 to May 2010. He served as Chairman and a director of TEPPCO GP from March 2005 until November 2005.

Dr. Cunningham was elected Vice Chairman of EPCO in May 2010 and a director in March 2006, having previously served as Group Vice Chairman of EPCO from December 2007 to May 2010 and as a director of EPCO from 1987 to 1997. He serves as a director of Tetra Technologies, Inc., LE GP (the general partner of Energy Transfer Equity) and Agrium, Inc. In addition, Dr. Cunningham serves as a director and the Chairman of the Safety, Health and Responsibility Committee of Cenovus Energy Inc. Dr. Cunningham retired in 1997 from CITGO Petroleum Corporation, where he served as President and CEO since 1995.

*Richard H. Bachmann.* Mr. Bachmann was elected Executive Vice President and Chief Legal Officer of the Partnership GP in February 1999 and was elected Secretary of the Partnership GP in November 1999. He previously served as a director of the Partnership GP from June 2000 to January 2004 and from February 2006 to May 2010. Mr. Bachmann has served as Executive Vice President of Holdings GP since April 2005, as a director of Holdings GP since February 2006, and previously served as Chief Legal Officer and Secretary of Holdings GP from April 2005 to May 2010.

Mr. Bachmann was elected President and CEO of EPCO in May 2010 and has served as a director since January 1999 and as Chief Legal Officer since May 1999. He previously served as Secretary of EPCO from May 1999 to May 2010 and as a Group Vice Chairman of EPCO from December 2007 to May 2010. Mr. Bachmann served as a director of DEP GP from October 2006 to May 2010 and as President and Chief Executive Officer of DEP GP from October 2006 to April 2010. In November 2006, Mr. Bachmann was appointed as an independent manager of Constellation Energy Partners LLC. Mr. Bachmann also serves as a member of the Audit, Compensation and Nominating and Governance Committees of Constellation Energy Partners LLC and as the Chairman of its Conflicts Committee.

*Thurmon M. Andress.* Mr. Andress was elected a director of Holdings GP in November 2006 and is a member of its Audit, Conflicts and Governance Committee. Mr. Andress serves as the Managing Director Houston for Breitburn Energy Company L.P. and is a former member of its Board of Directors. In 1990, he founded Andress Oil & Gas Company, serving as its President and CEO until it merged with Breitburn Energy Company L.P. in 1998. In 1982, he founded Bayou Resources, Inc. a publicly traded energy company that was sold in 1987. From 2002 through December 2009, Mr. Andress served as a member of the Board of Directors of Edge Petroleum Corp. (including its Governance and Compensation Committees). In October 2009, Edge Petroleum Corp. filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code and, on December 31, 2009, completed the sale of substantially all of its assets to Mariner Energy, Inc. Mr. Andress is currently a member of the National Petroleum Council (including its Board) and serves on the Board of Governors of Houston for the Independent Petroleum Association of America. In 1993, Mr. Andress was inducted into All American Wildcatter s, a 100-member organization dedicated to American oil and gas explorationists and producers.

*Charles E. McMahan.* Mr. McMahan was elected a director of Holdings GP in August 2005 and serves as Chairman of its Audit, Conflicts and Governance Committee. Mr. McMahan served as Vice Chairman of Compass Bank from

March 1999 until December 2003 and served as Vice Chairman of Compass Bancshares from April 2001 until his retirement in December 2003. Mr. McMahan also served as Chairman and CEO of Compass Banks of Texas from March 1990 until March 1999. Mr. McMahan has served as a director of Compass Bancshares, and its successor, BBVA Compass Bank, since 2001. He also served as chairman of the Board of Regents of the University of Houston from September 1998 to August 2000.



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*Edwin E. Smith.* Mr. Smith was elected a director of Holdings GP in August 2005 and is a member of its Audit, Conflicts and Governance Committee. Mr. Smith has been a private investor since he retired from Allied Bank of Texas in 1989 after a 31-year career in banking. Mr. Smith serves as a director of Encore Bank and previously served as a director of EPCO from 1987 until 1997.

*O. S. Andras.* Mr. Andras was elected a director of Holdings GP in February 2007, having served as a director of the Partnership GP from April 1998 to February 2006. Mr. Andras served as the Vice Chairman of the Partnership GP from September 2004 to July 2005, as the CEO of the Partnership GP from April 1998 to February 2005, and as President of the Partnership GP from April 1998 until September 2004. He served as President and CEO of EPCO from 1996 to February 2001.

*B.W. Waycaster.* Mr. Waycaster was elected as a director of Holdings GP in August 2010 and is a member of its Audit, Conflicts and Governance Committee. Mr. Waycaster has served as a principal manager of family investments since his retirement in 2003. Prior to retiring, Mr. Waycaster served as President and CEO of Texas Petrochemicals LP from 1992 to April of 2003, following a 27-year career with The Dow Chemical Company ( Dow ). Texas Petrochemicals LP and its affiliates filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code in July 2003. At Dow, Mr. Waycaster held numerous executive and managerial positions, including vice president of Business and Asset Management, where he oversaw a \$5-billion operation that included basic petrochemicals, energy and feedstock supply, sales and marketing, product storage and distribution, supply chain management, and strategic planning. Mr. Waycaster has more than 40 years of experience in the hydrocarbon processing industry and is a past board member of numerous professional and industry organizations. Mr. Waycaster contributes much of his time and energy in support of various charitable causes in the Houston area.

*Michael A Creel.* Mr. Creel was elected a director of the Partnership GP in February 2006 and President and CEO of the Partnership GP in August 2007. Mr. Creel served as Chief Financial Officer of the Partnership GP from June 2000 to August 2007, and as an Executive Vice President of the Partnership GP from January 2001 to August 2007. Mr. Creel, a Certified Public Accountant, also served as a Senior Vice President of the Partnership GP from November 1999 to January 2001.

In May 2010, Mr. Creel was elected Vice Chairman of EPCO, having previously served as Group Vice Chairman and Chief Financial Officer of EPCO since December 2007. Prior to these elections, Mr. Creel served as EPCO's Chief Operating Officer from April 2005 to December 2007 and as its Chief Financial Officer from June 2000 to April 2005. He has served as a Director of EPCO since December 2007. Mr. Creel served as a director of Holdings GP from October 2009 to May 2010 and as a director of DEP GP from October 2006 to May 2010. He served as President, CEO and a director of Holdings GP from August 2005 through August 2007. From October 2006 to August 2007, he served as Executive Vice President and Chief Financial Officer of DEP GP. From October 2005 through December 2009, Mr. Creel served as a director of Edge Petroleum Corporation, a publicly traded oil and natural gas exploration and production company, which filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in October 2009 and, on December 31, 2009, completed the sale of substantially all of its assets to Mariner Energy, Inc.

*A. James Teague.* Mr. Teague was elected Executive Vice President of the Partnership GP in November 1999 and additionally as a director in July 2008 and as Chief Operating Officer in September 2010. In addition, he served as the Partnership GP's Chief Commercial Officer from July 2008 until September 2010. He has served as Executive Vice President and Chief Commercial Officer of DEP GP since July 2008. He previously served as a director of DEP GP from July 2008 to May 2010 and as a director of Holdings GP from October 2009 to May 2010. Mr. Teague joined the Partnership in connection with its purchase of certain midstream energy assets from affiliates of Shell Oil Company in 1999. From 1998 to 1999, Mr. Teague served as President of Tejas Natural Gas Liquids, LLC, then an affiliate of Shell. From 1997 to 1998, he was President of Marketing and Trading for Mapco Inc.

*E. William Barnett.* Mr. Barnett was elected a director of the Partnership GP in March 2005. Mr. Barnett is a member of its Audit, Conflicts and Governance Committee and serves as its Chairman. Mr. Barnett practiced law with Baker Botts L.L.P. from 1958 until his retirement in 2004. In 1984, he became Managing Partner of Baker Botts L.L.P. and continued in that role for 14 years until 1998. He was Senior

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Counsel to the firm from 1998 until June 2004, when he retired from the firm. Mr. Barnett served as Chairman of the Board of Trustees of Rice University from 1996 to July 2005.

Mr. Barnett is a Life Trustee of The University of Texas Law School Foundation; a director of St. Luke's Episcopal Hospital; and a director Emeritus and former Chairman of the Houston Zoo, Inc. (the operating arm of the Houston Zoo). He is a director of RRI Energy, Inc. (a publicly traded electric services company) and Westlake Chemical Corporation (a publicly traded chemical company). Mr. Barnett is Chairman of the Advisory Board of the Baker Institute for Public Policy at Rice University and a director Emeritus and former Chairman of the Greater Houston Partnership. Mr. Barnett served as a Trustee of the Baylor College of Medicine from 1993 until 2004.

*Charles M. Rampacek.* Mr. Rampacek was elected a director of the Partnership GP in October 2006 and is a member of its Audit, Conflicts and Governance Committee. Mr. Rampacek is currently a business and management consultant in the energy industry. Mr. Rampacek served as Chairman, CEO and President of Probex Corporation ( Probex ), an energy technology company that developed a proprietary used oil recovery process, from 2000 until his retirement in 2003. Prior to joining Probex, Mr. Rampacek was President and CEO of Lyondell-Citgo Refining L.P., a manufacturer of petroleum products, from 1996 through 2000. From 1982 to 1995, he held various executive positions with Tenneco Inc. and its energy-related subsidiaries, including President of Tenneco Gas Transportation Company, Executive Vice President of Tenneco Gas Operations and Senior Vice President of Refining and Supply. Mr. Rampacek also spent 16 years with Exxon Company USA, where he held various supervisory and management positions. Mr. Rampacek has been a director of Flowserve Corporation since 1998 and is a member of its Audit Committee and its Organization and Compensation Committee. Mr. Rampacek also serves as a director of Cenovus Energy Inc. (a Canadian publicly traded oil company).

In 2005, two complaints requesting recovery of certain costs were filed against former officers and directors of Probex as a result of the bankruptcy of Probex in 2003. These complaints were defended under Probex's director and officer insurance with American International Group, Inc. ( AIG ) and settlement was reached and paid by AIG with bankruptcy court approval in the first half of 2006. An additional complaint was filed in 2005 against noteholders of certain Probex debt of which Mr. Rampacek was one. A settlement of \$2,000 was reached and approved by the bankruptcy court in the first half of 2006.

*Rex C. Ross.* Mr. Ross was elected a director of the Partnership GP in October 2006 and is a member of its Audit, Conflicts and Governance Committee. Until July 2009, Mr. Ross served as a director of Schlumberger Technology Corporation, the holding company for all Schlumberger Limited assets and entities in the United States. Prior to his executive retirement from Schlumberger Limited in May 2004, Mr. Ross held a number of executive management positions during his 11-year career with the company, including President of Schlumberger Oilfield Services North America; President, Schlumberger GeoQuest; and President of SchlumbergerSema North & South America. Mr. Ross also serves on the Board of Directors of Gulfmark Offshore, Inc. (a publicly traded offshore marine services company) and is a member of its Governance Committee.

*W. Randall Fowler.* Mr. Fowler was elected Executive Vice President and Chief Financial Officer of Partnership GP and Holdings GP in August 2007. He was also elected President and CEO of DEP GP in April 2010, having previously served as Executive Vice President and Chief Financial Officer of DEP GP since August 2007. He has served as a director of DEP GP since September 2006. Mr. Fowler served as Senior Vice President and Treasurer of the Partnership GP from February 2005 to August 2007 and of DEP GP from October 2006 to August 2007. Mr. Fowler also served as a director of the Partnership GP and of Holdings GP from February 2006 to May 2010. Mr. Fowler also served as Senior Vice President and Chief Financial Officer of Holdings GP from August 2005 to August 2007.

Mr. Fowler was elected Vice Chairman and Chief Financial Officer of EPCO in May 2010 and has served as a director since December 2007. He previously served as President and CEO of EPCO from December 2007 to May 2010 and as Chief Financial Officer from April 2005 to December 2007. Mr. Fowler, a Certified Public Accountant (inactive), joined the Partnership as Director of Investor Relations in January 1999. Mr. Fowler also serves as Chairman of the Board of the National Association of Publicly Traded Partnerships.

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*William Ordemann.* Mr. Ordemann was elected Executive Vice President of the Partnership GP and Executive Vice President and Chief Operating Officer of Holdings GP in August 2007. He also served as the Partnership GP's Chief Operating Officer from August 2007 until September 2010. He was also elected an Executive Vice President of DEP GP in August 2007. He previously served as a Senior Vice President of the Partnership GP from September 2001 to August 2007 and was a Vice President of the Partnership GP from October 1999 to September 2001. Mr. Ordemann joined the Partnership in connection with its purchase of certain midstream energy assets from affiliates of Shell Oil Company in 1999. Prior to joining the Partnership, he was a Vice President of Shell Midstream Enterprises, LLC from January 1997 to February 1998, and Vice President of Tejas Natural Gas Liquids, LLC from February 1998 to September 1999.

*Lynn L. Bourdon, III.* Mr. Bourdon was elected as Senior Vice President, Supply & Marketing of the Partnership GP in 2004 after serving as Senior Vice President and Chief Commercial Officer with Orion Refining Corporation and as a Partner in En\*Vantage, Inc. Prior to that time, Mr. Bourdon was Senior Vice President of Commercial Operations for PG&E Gas Transmission and Vice President, NGL Marketing & Development at the predecessor company, Valero. Earlier in his career, Mr. Bourdon served 12 years with Dow Chemical Company in the engineering, business and commercial areas.

*Bryan F. Bulawa.* Mr. Bulawa was elected Senior Vice President and Treasurer of the Partnership GP and Holdings GP in October 2009 and Senior Vice President, Chief Financial Officer and Treasurer of DEP GP in April 2010. He previously served as Senior Vice President and Treasurer of DEP GP from October 2009 to April 2010, and as Vice President and Treasurer of the Partnership GP from July 2007 to October 2009. He has also served as Senior Vice President and Treasurer of EPCO since May 2010. Prior to joining the Partnership, Mr. Bulawa spent 13 years at Scotia Capital, where he served as director of the firm's U.S. Energy Corporate Finance and Distribution group.

*James M. Collingsworth.* Mr. Collingsworth was elected Vice President of the Partnership GP in November 2001 and Senior Vice President in November 2002. Previously, he served as a board member of Texaco Canada Petroleum Inc. from July 1998 to October 2001 and was employed by Texaco from 1991 to 2001 in various management positions, including Senior Vice President of NGL Assets and Business Services from July 1998 to October 2001. Prior to joining Texaco, Mr. Collingsworth was director of feedstocks for Rexene Petrochemical Company from 1988 to 1991 and served in the MAPCO, Inc. organization from 1973 to 1988 in various capacities including customer service and business development manager of the Mid-America and Seminole pipelines.

*Mark A. Hurley.* Mr. Hurley joined the Partnership on March 1, 2010 as Senior Vice President, Crude Oil & Offshore. Prior to joining the Partnership, Mr. Hurley was a Shell employee and recently served as President of Shell Pipeline Company, a crude oil, refined products and natural gas energy storage and transportation company. Mr. Hurley began his career with Shell in process engineering positions at refineries in Louisiana and California. During his tenure with Shell, he held key leadership roles in refinery and lubricant plant operations, marketing, sales, product supply planning and trading, with both U.S. and global responsibilities. As President of Shell Pipeline Company for five years, Mr. Hurley had ultimate responsibility for profitability, operations, strategy, business development and capital project development.

*Michael J. Knesek.* Mr. Knesek, a Certified Public Accountant, was elected a Senior Vice President of the Partnership GP in February 2005, having served as a Vice President of the Partnership GP since August 2000. Mr. Knesek has been the Principal Accounting Officer and Controller of the Partnership GP since August 2000, of Holdings GP since August 2005 and of DEP GP since September 2006. He has served as Senior Vice President of Holdings GP since August 2005 and of DEP GP since September 2006. Mr. Knesek has been the Controller of EPCO since 1990 and currently serves as one of its Senior Vice Presidents.

*Christopher R. Skoog.* Mr. Skoog joined the Partnership in July 2007 as Senior Vice President of the Partnership GP to develop and lead the Partnership's Natural Gas Services and Marketing group. In July 2008, he also assumed responsibility for the Partnership's non-regulated and intrastate natural gas pipeline and storage businesses. From 1995 to July 2007, he served in various executive positions at ONEOK, Inc. and

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ONEOK Partners L.P. He led ONEOK Energy Services from 1995 to 2005, and held senior executive positions at ONEOK from 2005 to 2007.

*Thomas M. Zulim.* Since July 2008, Mr. Zulim has served as a Senior Vice President of the Partnership GP and EPCO, with responsibility for the Partnership's unregulated NGL business. From March 2006 to July 2008, Mr. Zulim served as Senior Vice President, Human Resources, for both the Partnership GP and EPCO, and served as Vice President, Human Resources, for both the Partnership GP and EPCO from December 2004 to March 2006. He joined EPCO in 1999 as Director of Business Management for the NGL Fractionation business. Mr. Zulim came to EPCO from Shell Oil Company where, as an attorney, he practiced labor and employment law nationally for several years before joining Shell Midstream Enterprises in 1996 as Director of Business Development for its natural gas processing and NGL fractionation businesses. Mr. Zulim resumed practicing law with EPCO's legal group in January 2002 until December 2004.

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**COMPARISON OF THE RIGHTS OF PARTNERSHIP  
AND HOLDINGS UNITHOLDERS**

The following describes the material differences between the rights of the Partnership common unitholders, after giving effect to the transactions contemplated by the merger, and the current rights of Holdings unitholders. It is not a complete summary of the provisions affecting, and the differences between, the rights of the Partnership common unitholders and Holdings unitholders. The rights of the Partnership common unitholders will be governed by the Sixth Partnership Agreement. The rights of Holdings unitholders are governed by the First Amended and Restated Agreement of Limited Partnership of Holdings, as amended, and you should refer to each document for a complete description of the rights of the Partnership and Holdings unitholders, respectively. If the merger is consummated, Holdings unitholders will become Partnership common unitholders, and their rights as Partnership common unitholders will be governed by Delaware law and the Sixth Partnership Agreement. Please refer to Annex B attached hereto for the full text of the Sixth Partnership Agreement. For Holdings' partnership agreement and the amendments thereto, please refer to Holdings' Current Reports on Form 8-K filed with the Commission on May 10, 2007 and January 3, 2008 and Holdings' Quarterly Reports on Form 10-Q filed with the Commission on November 4, 2005 and November 6, 2008. This summary is qualified in its entirety by reference to the Delaware Act, the Sixth Partnership Agreement and the Holdings partnership agreement, as amended.

**Purpose and Term of Existence**

**The Partnership**

The Partnership's stated purposes under the Sixth Partnership Agreement are to serve as a security holder in its operating company and subsidiary partnerships and to engage in any business activities that may be engaged in by its operating company or that are approved by its general partner and which lawfully may be conducted by a limited partnership under Delaware law. The Partnership's existence will continue until December 31, 2088, unless sooner dissolved pursuant to the terms of the Sixth Partnership Agreement.

**Holdings**

Holdings' stated purposes under its partnership agreement are to serve as a security holder in the Partnership and the Partnership GP and, if approved by a majority of the independent directors on the general partner's board of directors, to engage in any other business activities that lawfully may be conducted by a limited partnership under Delaware law. Holdings' partnership existence will continue until dissolved pursuant to the terms of Holdings' partnership agreement.

**Distributions of Available Cash**

**The Partnership**

Within approximately 45 days after the end of each quarter, the Partnership will distribute all of its available cash to common unitholders.

Available cash is defined in the Sixth Partnership Agreement and generally means, with respect to any calendar quarter, all cash on hand at the end of such quarter:

**Holdings**

Within approximately 50 days after the end of each quarter, Holdings will distribute its available cash to unitholders.

Available cash is defined in Holdings' partnership agreement and generally means all cash on hand at the end of each quarter:



less the amount of cash reserves that is necessary or appropriate in the reasonable discretion of the general partner to:

provide for the proper conduct of the Partnership's business (including reserves for future capital expenditures and for the Partnership's future credit needs);

comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement; plus

less the amount of cash reserves established by the general partner to:

satisfy general, administrative and other expenses and debt service agreements;

permit the Partnership GP to make capital contributions to the Partnership if Holdings chooses to maintain its approximately 2% general partner interest upon the issuance of additional partnership securities by the Partnership;

comply with applicable law or any loan agreement, security agreement, mortgage, debt

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**The Partnership**

all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter or certain interim capital transactions after the end of such quarter designated by the Partnership GP as operating surplus.

The Class B units issued in connection with the TEPPCO merger are not entitled to regular quarterly cash distributions for the first sixteen quarters following the closing of the TEPPCO merger, which closed on October 26, 2009. The Class B units will convert automatically into the same number of Partnership common units on the date immediately following the payment date of the sixteenth quarterly distribution following the closing of the TEPPCO merger and holders of such converted units will thereafter be entitled to receive distributions of available cash.

In connection with the merger, certain Partnership common units owned by DFIDH will be designated pursuant to a distribution waiver agreement, pursuant to which DFIDH will waive its rights to regular quarterly distributions with respect to designated units for a five-year period after the merger closing date. For further discussion, see The Merger Transactions Related to the Merger Distribution Waiver Agreement.

**Distributions of Cash Upon Liquidation**

**The Partnership**

If the Partnership dissolves in accordance with the Sixth Partnership Agreement, it will sell or otherwise dispose of its assets in a process called a liquidation. The Partnership will first apply the proceeds of liquidation to the payment of its creditors in the order of priority provided in the Sixth Partnership Agreement and by law and, thereafter, it will distribute any remaining proceeds to its common unitholders in accordance with their respective capital account balances. The general rules for determining the capital account balances of the unitholders are set forth in the Sixth Partnership Agreement.

**Holdings**

instrument or other agreement; or

otherwise to provide for the proper conduct of Holdings business.

**Holdings**

If Holdings dissolves in accordance with its partnership agreement, it will sell or otherwise dispose of its assets in a process called a liquidation. Holdings will first apply the proceeds of liquidation to the payment of its creditors in the order of priority provided in the partnership agreement and by law and, thereafter, it will distribute any remaining proceeds to its unitholders and its general partner in accordance with their respective capital account balances. The general rules for determining the capital account balances of the unitholders and the general partner are set forth in Holdings partnership agreement.



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**Merger and Consolidation**

**The Partnership**

Merger or consolidation of the Partnership requires, in most instances, the prior approval of the general partner and approval of a majority of the members of the Audit and Conflicts Committee. The general partner must also approve the merger agreement which must include certain information as set forth in the Sixth Partnership Agreement. Once approved by the general partner, the merger agreement must be submitted to a vote of the Partnership's limited partners, and the merger agreement will be approved upon receipt of the affirmative vote of the holders of a majority of the Partnership's outstanding common units (including the Class B units issued in the TEPPCO merger, with respect to matters arising after their issuance) (unless the affirmative vote of the holders of a greater percentage of common units is required under Delaware law).

**Holdings**

Merger or consolidation of Holdings requires, in most instances, the prior consent of Holdings GP and approval of a majority of the members of the Audit and Conflicts Committee of the general partner, each of whom must meet certain independence requirements set forth in the Holdings partnership agreement. The Holdings GP must also approve the merger agreement which must include certain information as set forth in Holdings partnership agreement. Once approved by the general partner, the merger agreement must be submitted to a vote of Holdings' limited partners, and the merger agreement will be approved upon receipt of the affirmative vote of the holders of a majority of Holdings' limited partner units.

**Disposal of Assets**

**The Partnership**

The general partner generally may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions or approve on behalf of the Partnership, the sale, exchange or other disposition of all or substantially all the assets of the Partnership (including by way of merger, consolidation, or other combination) without the approval of the holders of a majority of the Partnership's outstanding common units (including the Class B units issued in the TEPPCO merger) and approval from the majority of the members of the Audit and Conflicts Committee. However, the Partnership's general partner may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the Partnership's assets. In addition, the general partner may sell any or all of the Partnership's assets in a forced sale pursuant to the foreclosure or other realization of any encumbrance without the approval of the Partnership's common or Class B unitholders and approval by the Audit and Conflicts Committee.

**Holdings**

The general partner generally may not sell, exchange or otherwise dispose of all or substantially all of Holdings' assets in a single transaction or a series of related transactions (including by way of merger, consolidation, or other combination or sale of ownership interest) or approve on behalf of Holdings, the sale, exchange or other disposition of all or substantially all the assets of Holdings without the approval of the holders of at least a majority of Holdings' limited partner units and approval from the majority of the members of general partner's Audit and Conflicts Committee. However, the general partner may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of Holdings' assets. In addition, the general partner may sell any or all of Holdings' assets in a forced sale pursuant to the foreclosure or other realization of any encumbrance without the approval of Holdings' unitholders and approval by the Audit and Conflicts Committee of the general partner's board of directors.

## Transfer of General Partner Interest

### The Partnership

The general partner may transfer all or any of its general partner interest without unitholder approval. However, no transfer by the general partner of all or any part of its interest will be permitted unless (i) the transferee agrees to assume the rights and duties of the general partner and be bound by the provisions of the Sixth Partnership Agreement, (ii) the Partnership receives an opinion of counsel as to limited liability and tax matters, (iii) such transferee agrees to

### Holdings

The general partner may transfer all or any portion of its general partner interest to a single transferee before June 30, 2015 if such transfer has been approved by the prior written consent or vote of the holders of a majority of Holdings outstanding limited partner units (excluding units held by the general partner and its affiliates). Holdings partnership agreement also allows the general partner interest to be transferred prior to June 30, 2015 without approval

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**The Partnership**

purchase all of the partnership interest of the general partner or managing member of each of the Partnership, its operating partnership or any of their subsidiaries and (iv) for so long as any affiliate of EPCO controls the general partner, the organizational documents of the owner of the general partner interest provide for the establishment of an Audit and Conflicts Committee, with independent (as defined therein) members to approve specified matters.

The general partner may also transfer, in whole or in part, the common units it owns.

In addition, the Sixth Partnership Agreement does not prohibit or require unitholder approval for any transfer, in whole or in part, of the ownership of the general partner.

**Holdings**

of the limited partners to an affiliate or to a third party in conjunction with a merger of the general partner into, or sale of all or substantially all of the assets of the general partner to, a third party, if an opinion of counsel regarding limited liability and tax matters is obtained subject to the requirements below. After June 30, 2015, the general partner may transfer all or any portion of its general partner interest without unitholder approval. In the case of all transfers, however, no transfer of the general partner interest will be permitted unless (i) the transferee agrees to assume the rights and duties of the general partner and be bound by the provisions of Holdings partnership agreement, (ii) Holdings receives an opinion of counsel as to limited liability and tax matters with respect to Holdings, the Partnership and the Partnership GP and (iii) for so long as any affiliate of EPCO controls the general partner, the organizational documents of the owner of the general partner interest provide for the establishment of an Audit and Conflicts Committee with independent (as defined therein) members to approve specified matters.

The general partner may also transfer, in whole or in part, the limited partner units it owns.

In addition, Holdings partnership agreement does not prohibit or require unitholder approval for any transfer, in whole or in part, of the ownership of the general partner.

**Withdrawal of General Partner**

**The Partnership**

The general partner may voluntarily withdraw as its general partner at any time by receiving approval from a majority of members of the Audit and Conflicts Committee and by giving 90 days notice to the holders of common units (including the Class B units). The Sixth Partnership Agreement provides for other events of withdrawal, including specified bankruptcy events, and withdrawal by the general partner upon the occurrence of such events will not constitute a violation of the Sixth Partnership Agreement.

**Holdings**

The general partner may voluntarily withdraw as its general partner at any time by receiving approval from a majority of members of the general partner's Audit and Conflicts Committee and by giving 30 days notice of its intention to withdraw. After June 30, 2015, the general partner will no longer be required to receive the approval of the limited partners or the Audit and Conflicts Committee to withdraw. Holdings partnership agreement provides for other events of withdrawal, including specified bankruptcy events, and withdrawal by the general partner upon the occurrence of such

events will not constitute a violation of the Holdings partnership agreement.

Upon the voluntary withdrawal of the general partner, the holders of a majority of the Partnership's outstanding common units (including the Class B units) may elect a successor to the withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, the Partnership will be dissolved, unless within 90 days after such withdrawal, the holders of a majority of the Partnership's outstanding units, excluding the

Upon the voluntary withdrawal of the general partner, the holders of a majority of Holdings' outstanding limited partner units may elect a successor to the withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, Holdings will be dissolved, unless within

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**The Partnership**

common units held by the withdrawing general partner and its affiliates, agree to continue the Partnership's business and to appoint a successor general partner.

If the general partner withdraws under circumstances that do not violate the Sixth Partnership Agreement, the general partner will have the right to convert its general partner interest into limited partner units or to receive cash in exchange for such interests. If the general partner withdraws under circumstances where such withdrawal violates the Sixth Partnership Agreement, its successor will have the option to purchase the general partner's interest.

**Removal of General Partner**

**The Partnership**

The general partner may not be removed unless that removal is approved by the vote of the holders of not less than 60% of the Partnership's outstanding units, including units held by the general partner and its affiliates, and the Partnership receives an opinion of counsel regarding limited liability and tax matters. Action for removal must also provide for the election of a successor general partner by a vote of a majority of the outstanding common units.

In addition, if the general partner is removed as the general partner under circumstances where cause does not exist, the general partner will have the right to convert its general partner interest into common units or to receive cash in exchange for such interests. Cause is defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding the general partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as the general partner. If the general partner is removed by the limited partners under circumstances where cause exists, its successor will have the option to purchase the general partner's interest.

**Holdings**

90 days after such withdrawal, the holders of a majority of Holdings' outstanding units, excluding the units held by the withdrawing general partner and its affiliates, agree to continue Holdings' business and to appoint a successor general partner.

If general partner withdraws under circumstances that do not violate the Holdings partnership agreement, the general partner will have the right to convert its general partner interest into limited partner units or to receive cash in exchange for such interests. If the general partner withdraws under circumstances where such withdrawal violates Holdings' partnership agreement or the organizational agreements of its operating companies, its successor will have the option to purchase the general partner's interest.

**Holdings**

The general partner may be removed if such removal is approved by a vote of at least 66<sup>2</sup>/<sub>3</sub>% of the outstanding limited partner units voting as a single class, including units held by the general partner and its affiliates, such removal obtains Special Approval as such term is defined under Holdings' partnership agreement, and Holdings receives an opinion of counsel regarding limited liability and tax matters. Action for removal must also provide for the election of a successor general partner by a vote of a majority of the outstanding limited partner units.

In addition, if the general partner is removed as the general partner under circumstances where cause does not exist and units held by the general partner and its affiliates are not voted in favor of such removal, the general partner will have the right to convert its general partner interest into limited partner units or to receive cash in exchange for such interests. Cause is defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding the general partner liable for actual fraud, or willful misconduct in its capacity as the general partner. If the general partner is removed by the limited partners under circumstances



where cause exists, its successor will have the option to purchase the general partner's interest.

## Limited Call Rights

### The Partnership

If at any time the general partner and its affiliates own 85% or more of the issued and outstanding limited partner interests of any class, the general partner will have the assignable right to purchase all, but not less than all, of the outstanding limited partner interests of that class that are held by non-

### Holdings

If at any time the general partner and its affiliates own 90% or more of the issued and outstanding limited partner interests, the general partner will have the assignable right to purchase all, but not less than all, of the outstanding limited partner interests that are held by non-affiliated persons. The record date for

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**The Partnership**

affiliated persons. The record date for determining ownership of the limited partner interests will be selected by the general partner on at least 10, but not more than 60, days notice. The purchase price in the event of a purchase under these provisions would be the greater of (i) the current market price (as defined in the Sixth Partnership Agreement) of the limited partner interests and (ii) the highest price paid by the general partner or any of its affiliates for any limited partner interest of the class purchased within the 90 days preceding the date the general partner mails notice of its election to purchase the units.

**Limited Preemptive Rights**

**The Partnership**

The general partner has the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other equity securities whenever, and on the same terms that, the Partnership issues those securities to persons other than its general partner and its affiliates, to the extent necessary to maintain their percentage interests in the Partnership that existed immediately prior to the issuance. The holders of common units (including the Class B units) have no preemptive rights to acquire additional units or other partnership interests in the Partnership.

**General Partner's Authority to Take Action Not Contemplated by the Agreement**

**The Partnership**

The general partner may not, without written approval of all outstanding common unitholders, take any action in contravention with the Sixth Partnership Agreement

**Holdings**

determining ownership of the limited partner interests will be selected by the general partner on at least 10, but not more than 60, days notice. The purchase price in the event of a purchase under these provisions would be the greater of (i) the highest price paid by the general partner or any of its affiliates for any limited partner interest of the class purchased within the 90 days preceding the date the general partner mails notice of its election to purchase the units and (ii) the current market price of limited partner interests of the class as of the date three days prior to the date that notice is mailed.

**Holdings**

Upon the issuance of additional partnership securities, the general partner maintains its 0.01% general partner interest without having to make additional capital contributions. The holders of Holdings limited partner units have no preemptive rights to acquire additional limited partner units or other partnership interests in Holdings.

The general partner has the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase units or other equity securities whenever, and on the same terms that, Holdings issues those securities to persons other than its general partner and its affiliates, to the extent necessary to maintain their percentage interests in Holdings (other than the general partner interest) that existed immediately prior to the issuance. The holders of units have no preemptive rights to acquire additional units or other partnership interests in Holdings.

**Holdings**

The Holding's partnership agreement does not contemplate the general partner's authority to take actions not contemplated by Holdings partnership

including (i) committing any act that would make it impossible to carry on the ordinary business of the Partnership, (ii) possessing Partnership property, or assigning any rights in specific Partnership property, for other than a Partnership purpose and (iii) other actions listed in the Sixth Partnership Agreement.

agreement.

**Amendment of Partnership Agreement**

**The Partnership**

Amendments to the Sixth Partnership Agreement may be proposed only by its general partner. Except in certain circumstances where the Sixth Partnership Agreement is amended in connection with a merger,

**Holdings**

Amendments to Holdings partnership agreement may be proposed only by its general partner. Except in certain circumstances where the Holdings partnership agreement is amended in connection with a merger,

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**The Partnership**

any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests requires the approval of at least a majority of the class of limited partner interests so affected. However, in some circumstances, more particularly described in the Sixth Partnership Agreement, the general partner may make amendments to the Sixth Partnership Agreement without the approval of the Partnership's limited partners to reflect:

a change in the Partnership's name, the location of its principal place of business, its registered agent or its registered office;

the admission, substitution, withdrawal or removal of partners;

a change that, in the sole discretion of the general partner, is necessary or advisable to qualify or continue the Partnership's qualification as a limited partnership or a partnership in which its limited partners have limited liability under the laws of any state or to ensure that neither the Partnership, its operating partnership, nor any of its subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes;

a change that, in the discretion of the general partner, does not adversely affect the Partnership's limited partners in any material respect;

a change that, in the discretion of the general partner, is necessary or advisable (i) to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute, (ii) to facilitate the trading of the Partnership's limited partner interests or to comply with any rule, regulation, guideline or requirement of any national securities exchange on which its limited partner interests are or will be listed for trading or (iii) in connection with a distribution, subdivision or combination of securities of the Partnership in accordance with the Sixth Partnership Agreement;

**Holdings**

any amendment that would have a material adverse effect on the rights or preferences of any class of limited partner interests requires the approval of a majority of the outstanding limited partner interests of such class. However, in some circumstances more particularly described in Holdings' partnership agreement, Holdings GP may make amendments to Holdings' partnership agreement without the approval of Holdings' limited partners to reflect:

a change in Holdings' name, the location of its principal place of business, its registered agent or its registered office;

the admission, substitution, withdrawal or removal of partners;

a change that the general partner determines to be necessary or appropriate to qualify or continue Holdings' qualification as a limited partnership or a partnership in which its limited partners have limited liability under the laws of any state or to ensure that neither Holdings nor its general partner will be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes;

a change that the general partner determines does not adversely affect Holdings' limited partners in any material respect;

a change that the general partner determines to be necessary or appropriate (i) to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute, (ii) to facilitate the trading of Holdings' limited partner interests or to comply with any rule, regulation, guideline or requirement of any national securities exchange on which its limited partner interests are or will be listed or admitted for trading or (iii) in connection with a distribution, subdivision or combination of securities of the Partnership in accordance with the Holdings' partnership agreement;

a change that the general partner determines is required to effect the intent of the Holdings partnership

a change that, in the discretion of the general partner is required to effect the intent of the Sixth Partnership Agreement or contemplated by the Sixth Partnership Agreement;

a change in the Partnership's fiscal year or taxable year and any changes that are necessary or advisable as a result of a change in the Partnership's fiscal year or taxable year;

an amendment that is necessary in the opinion of

agreement or contemplated by the Holdings partnership agreement;

a change in Holdings' fiscal year or taxable year and any changes that are necessary or advisable as a result of a change in Holdings' fiscal year or taxable year;

an amendment that is necessary in the opinion of counsel to prevent Holdings, or its general partner or its directors, officers, trustees or agents from

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**The Partnership**

counsel to prevent the Partnership, or its general partner or its directors, officers, trustees or agents from being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, as amended;

an amendment that is necessary or advisable in connection with the authorization or issuance of any class or series of the Partnership's securities;

any amendment expressly permitted in the Sixth Partnership Agreement to be made by its general partner acting alone;

an amendment effected, necessitated or contemplated by a merger agreement approved in accordance with the Sixth Partnership Agreement;

an amendment that, in the discretion of the general partner, is necessary or advisable to reflect, account for and deal with appropriately the formation of, or investment in, any corporation, partnership, joint venture, limited liability company or other entity other than the Partnership's operating partnership, in connection with its conduct of activities permitted by the Sixth Partnership Agreement;

a merger or conveyance to effect a change in the Partnership's legal form; or

any other amendments substantially similar to the foregoing.

Proposed amendments (other than those described above) must be approved by holders of at least a majority of the outstanding common units, except as otherwise provided in the Sixth Partnership Agreement or under Delaware law. No provision of the Sixth Partnership Agreement that establishes a percentage of outstanding units required to take any action may be amended, altered, changed, repealed, or rescinded to reduce such voting requirement without the approval of the holders of those outstanding units whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced. In

**Holdings**

being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, as amended;

an amendment that the general partner determines is necessary or appropriate in connection with the authorization or issuance of any class or series of Holdings securities;

any amendment expressly permitted in Holdings partnership agreement to be made by its general partner acting alone;

an amendment effected, necessitated or contemplated by a merger agreement approved in accordance with Holdings partnership agreement;

an amendment that the general partner determines is necessary or appropriate to reflect, account for the formation of, or investment in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with its conduct of activities permitted by Holdings partnership agreement;

a merger or conveyance to effect a change in Holdings legal form; or

any other amendments substantially similar to the foregoing.

Proposed amendments (other than those described above) must be approved by holders of at least a majority of the outstanding limited partner units, except as otherwise provided in Holdings partnership agreement or under Delaware law. No provision of Holdings partnership agreement that establishes a percentage of outstanding units required to take any action may be amended, altered, changed, repealed, or rescinded to reduce such voting requirement without the approval of the holders of those outstanding units whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced. In addition, the Holdings partnership agreement requires approval of a majority of the Audit and Conflicts Committee with

addition, the Sixth Partnership Agreement requires approval of a majority of the Audit and Conflicts Committee with respect to amendments to provisions relating to it or requiring its approval.

No amendments to the Sixth Partnership Agreement (other than those that may be made by the general partner without the approval of the Partnership's limited partners or in certain circumstances in connection with the amendment of the Sixth Partnership Agreement in connection with a merger)

respect to amendments to provisions relating to it or requiring its approval.

No amendments to Holdings' partnership agreement (other than those that may be made by the general partner without the approval of Holdings' limited partners) will become effective without the approval of at least 90% of the limited partner interests unless Holdings obtains an opinion of counsel to the effect that such amendment will not affect the limited liability of any limited partner under applicable law.

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**The Partnership**

will become effective without the approval of at least 90% of the outstanding common units or Class B units unless the Partnership obtains an opinion of counsel to the effect that such amendment will not affect the limited liability of any limited partner under applicable law.

The Sixth Partnership Agreement contains other restrictions on amendments, including a prohibition on amendments enlarging the obligations of any limited partner (subject to specified exceptions), to the term of the partnership and certain provisions relating to dissolution.

**Dissolution of the Partnership**

**The Partnership**

The Partnership will be dissolved, and its affairs wound up, upon the occurrence of any of the following:

the expiration of its term as provided in the Sixth Partnership Agreement;

withdrawal of the general partner pursuant to the Sixth Partnership Agreement, unless a successor is elected and admitted and an opinion of counsel is received regarding limited liability on tax matters related to the withdrawal;

The general partner's election to dissolve the Partnership, if approved by a majority of the members of the Audit and Conflicts Committee and the holders of a majority of the Partnership's outstanding common units;

the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act; or

the sale of all or substantially all of the assets and properties of the Partnership and its subsidiaries.

**Liquidation**

**The Partnership**

**Holdings**

The Holdings partnership agreement contains other restrictions on amendments, including a prohibition on amendments enlarging the obligations of any limited partner, to the term of the partnership and certain provisions relating to dissolution.

**Holdings**

Holdings will be dissolved, and its affairs wound up, upon the occurrence of any of the following:

withdrawal or removal of the general partner pursuant to Holdings' partnership agreement, unless a successor is elected and admitted and an opinion of counsel regarding limited liability on tax matters related to the withdrawal is received;

The general partner's election to dissolve Holdings, if approved by a majority of the members of the general partner's Audit and Conflicts Committee and the holders of a majority of Holdings' outstanding units;

the entry of a decree of judicial dissolution of the Holdings pursuant to the provisions of the Delaware Act; or

at any time there are no limited partners, unless Holdings is continued without dissolution in accordance with Delaware law.

**Holdings**



Upon the Partnership's dissolution, unless it is reconstituted and continued as a new limited partnership, the person selected by the general partner to wind up the Partnership's affairs (the liquidator) will, acting with all the powers of the general partner that the liquidator deems necessary or desirable in its good faith judgment, liquidate the Partnership's assets. The proceeds of the liquidation will be applied as follows:

first, towards the payment of all of the Partnership's creditors and the creation of a reserve for contingent liabilities; and

Upon Holdings' dissolution, unless it is continued as a new limited partnership, the person selected by the general partner to wind up Holdings' affairs (the liquidator) will, acting with all the powers of the general partner that the liquidator deems necessary or appropriate, liquidate Holdings' assets. The proceeds of the liquidation will be applied as follows:

first, towards the payment of Holdings' creditors, including the liquidator as compensation for serving in such capacity, in order of priority provided by law, and the creation of a reserve for contingent liabilities; and

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**The Partnership**

then, to all partners in accordance with the positive balance in their respective capital accounts. Under some circumstances and subject to some limitations, the liquidator may defer liquidation or distribution of the Partnership's assets for a reasonable period of time. If the liquidator determines that a sale would be impractical or would cause undue loss to the Partnership's partners, the general partner may distribute assets in kind to the Partnership's partners.

**Holdings**

then, to all partners in accordance with the positive balances in their respective capital accounts. Under some circumstances and subject to some limitations, the liquidator may defer liquidation or distribution of Holdings' assets for a reasonable period of time. If the liquidator determines that a sale would be impractical or would cause undue loss to Holdings' partners, the liquidator may distribute assets in kind to Holdings' partners.

**Management**

**The Partnership**

The general partner conducts, directs and manages all of the Partnership's activities. Except as specifically granted in the Sixth Partnership Agreement, all management powers over the business and affairs of the Partnership are exclusively vested in the general partner, and no limited partner or assignee has any management power over the business and affairs of the Partnership. Subject to certain restrictions contained in the Sixth Partnership Agreement, the general partner has full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of the Partnership.

**Holdings**

The general partner conducts, directs and manages all of Holdings' activities. Except as specifically granted in Holdings' partnership agreement, all management powers over the business and affairs of Holdings are exclusively vested in the general partner, and no limited partner or assignee has any management power over the business and affairs of Holdings. Subject to certain restrictions contained in the Holdings' partnership agreement, the general partner has full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of Holdings.

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**Indemnification**

**The Partnership**

The Sixth Partnership Agreement provides for indemnification, to the fullest extent permitted by law, by the Partnership of its general partner, any departing partner and any person who is or was an affiliate of the general partner or any departing partner and individuals serving as a member, director, officer, employee, agent or trustee of the general partner or any departing partner or any affiliate of the general partner or any departing partner, but only if the indemnitee acted in good faith and in a manner that such indemnitee reasonably believed to be in or not opposed to the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful.

Any indemnification under these provisions will be only out of the assets of the Partnership, and the general partner will not be personally liable for, or have any obligation to contribute or loan funds or assets to the Partnership to enable it to effectuate any indemnification.

The Partnership is authorized to purchase (or to reimburse its general partner or its affiliates for the cost of) insurance against liabilities asserted against and expenses incurred by such persons in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such person against such liabilities.

**Holdings**

The Holdings partnership agreement provides for indemnification, to the fullest extent permitted by law, by Holdings of its general partner, any departing general partner and any person who is or was an affiliate of the general partner or any departing general partner, individuals serving as a member, officer, director, fiduciary or trustee of Holdings and designees of the general partner, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that the indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the indemnitee's conduct was unlawful.

Any indemnification under these provisions will be only out of the assets of Holdings, and the general partner will not be personally liable for, or have any obligation to contribute or lend funds or assets to Holdings to enable it to effectuate indemnification.

Holdings is authorized to purchase (or to reimburse its general partner or its affiliates for the cost of) insurance against liabilities asserted against and expenses incurred by such persons in connection with Holdings' activities, regardless of whether Holdings would have the power to indemnify such person against such liabilities.

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**Meetings; Voting**

**The Partnership**

The Partnership's common unitholders are entitled to vote on the following matters:

merger or consolidation involving the Partnership upon the approval of the general partner and the Audit and Conflicts Committee;

the sale, exchange or other disposition of all or substantially all of the Partnership's assets;

the election of a successor general partner upon the current general partner's withdrawal;

the removal of the general partner;

an election by the general partner (approved by the Audit and Conflicts Committee) to dissolve the Partnership;

The Partnership's continuation upon specified events of dissolution;

approval of specified actions of the general partner (not including the transfer by the general partner of its general partner interest); and

certain amendments to the Sixth Partnership Agreement.

Special meetings of the Partnership common unitholders may be called by the general partner or by unitholders owning 20% or more of the Partnership's outstanding limited partner units in accordance with the procedures set forth in the Sixth Partnership Agreement. Subject to certain exceptions, such as the acquisition of units in a transaction with affiliates of the general partner or a transaction approved by the general partner's board, if any person or group acquires 20% or more of the outstanding Partnership common units, such units will not be considered outstanding for purposes of voting at or calling a special meeting. Additionally, upon authorization from the general partner, any action that may be taken at a meeting of common unitholders may be taken without a meeting by obtaining approval in writing of the necessary

**Holdings**

Holdings unitholders are entitled to vote on the following matters:

merger or consolidation involving Holdings, upon approval of the general partner and its Audit and Conflicts Committee;

the sale, exchange or other disposition of all or substantially all of Holdings' assets;

the election of a successor general partner upon the current general partner's withdrawal;

the removal of the general partner;

an election by the general partner (approved by its Audit and Conflicts Committee) to dissolve Holdings;

Holdings' continuation upon specified events of dissolution;

approval of specified actions of the general partner (including transfer by the general partner of its general partner interest under certain circumstances); and

certain amendments to Holdings' partnership agreement.

Special meetings of Holdings unitholders may be called by the general partner or by unitholders owning 20% or more of Holdings' outstanding limited partner units in accordance with the procedures set forth in Holdings' partnership agreement. Subject to certain exceptions, such as the acquisition of units in a transaction with affiliates of the general partner or a transaction approved by the general partner's board, if any person or group acquires 20% or more of the outstanding units of Holdings, such units will not be considered outstanding for purposes of voting at or calling a special meeting. Additionally, upon authorization from the general partner, any action that may be taken at a meeting of unitholders may be taken without a meeting by

percentage of common unitholders that would be required to authorize or take the action at a meeting of common unitholders. The general partner will provide notice of any meetings (or of a vote to approve an action without a meeting) to all unitholders of record as of a record date which may not be less than 10 or more than 60 days prior to the date of the meeting (or, where approvals are sought without a meeting, the date by which common unitholders must submit approvals).

Only record holders of Partnership common units on the record date are entitled to notice of, and to vote

obtaining approval in writing of the necessary percentage of unitholders that would be required to authorize or take the action at a meeting of unitholders. The general partner will provide notice of any meetings (or of a vote to approve an action without a meeting) to all unitholders of record as of a record date which may not be less than 10 or more than 60 days prior to the date of the meeting (or, where approvals are sought without a meeting, the date by which unitholders must submit approvals).

Only record holders of Holdings limited partner units on the record date are entitled to notice of, and to vote at, a meeting of Holdings unitholders (or of a

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**The Partnership**

at, a meeting of the Partnership common unitholders (or of a unitholder vote to be taken without a meeting). Each holder of Partnership common units is entitled to one vote for each common unit on all matters submitted to a vote of the unitholders. Subject to applicable law, limited partner interests held for a person's account by a broker or other nominee party will be voted by the broker (or other nominee) pursuant to the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise. Representation in person or by proxy of a majority of the outstanding limited partner interests of the class for which a meeting has been called will constitute a quorum at a meeting of limited partners of such class or classes (unless a particular action by the limited partners requires approval by a greater percentage of limited partner interests, in which case the quorum shall be such greater percentage). Except for a proposal where approval by a different percentage of the holders of the Partnership limited partner interests is required under the Sixth Partnership Agreement (in which case the act of the limited partners representing such different percentage shall be required), any action taken by the holders of the Partnership limited partner interests representing a majority of the Partnership's outstanding limited partner interests present and entitled to vote at a meeting of the Partnership limited partners where a quorum is present will be considered to be the act of all the Partnership limited partners.

The Partnership common unitholders have no right to elect the general partner or any of its directors on an annual or other continuing basis.

Prior to the payment date of the sixteenth quarterly distribution following the closing of the proposed merger transactions, the Class B units will be entitled to vote with the Partnership common unitholders as a single class on all partnership matters described above. Holders of the Class B units shall be entitled to vote as a separate class on any matter that adversely affects the rights or preference of such class in relation to other classes of partnership interests. The approval of a majority of the Class B units will be required to approve any matter for which the Class B unitholders are entitled to vote as a separate class.

**Holdings**

unitholder vote to be taken without a meeting). Each holder of Holdings limited partner units is entitled to one vote for each unit on all matters submitted to a vote of the unitholders. Subject to applicable law, limited partner interests held for a person's account by a broker or other nominee party will be voted by the broker (or other nominee) pursuant to the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise. Representation in person or by proxy of a majority of the outstanding limited partner interests of the class for which a meeting has been called will constitute a quorum at a meeting of limited partners of such class or classes (unless a particular action by the limited partners requires approval by a greater percentage of limited partner interests, in which case the quorum shall be such greater percentage). Except for a proposal where approval by a different percentage of the holders of Holdings' limited partner interests is required under the Holdings partnership agreement (in which case the act of the limited partners representing such different percentage shall be required), any action taken by the holders of Holdings limited partner interests representing at least a majority of Holdings' outstanding limited partner interests present and entitled to vote at a meeting of Holdings limited partners where a quorum is present will be considered to be the act of all Holdings limited partners.

Holdings unitholders have no right to elect the general partner or any of its directors on an annual or other continuing basis.

**Transfer of Units; Status as a Limited Partner or Assignee**

**The Partnership**

Each purchaser of Partnership common units must execute a transfer application whereby the purchaser requests admission as a substituted limited partner and makes representations and agrees to provisions stated in the transfer application. Purchasers may hold

**Holdings**

Each transfer of Holdings limited partner interests will not be recognized by the partnership unless certificate(s) representing those limited partnership interests (or proper transfer instructions from the

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**The Partnership**

common units in nominee accounts.

Each transfer of the Partnership limited partner interests will not be recognized by the partnership unless certificate(s) representing those limited partnership interests (or other evidence of the issuance of uncertificated units) are surrendered and such interests are accompanied by a duly executed transfer application. Once such transferee has executed and delivered a transfer application in accordance with the Sixth Partnership Agreement, the transferee of common units is an assignee. Such assignee makes representations and agrees to be bound by the terms and conditions of the Sixth Partnership Agreement and gives the consents and approvals and makes the waivers contained in the Sixth Partnership Agreement. An assignee will become a limited partner in respect of the transferred common units upon the consent of the general partner and the recordation of the name of the assignee on the Partnership's books and records. Such consent may be withheld in the sole discretion of the general partner.

An assignee, pending its admission as a substituted limited partner, is entitled to an interest in the Partnership equivalent to that of a limited partner with respect to the right to share in allocations and distributions, including liquidating distributions. The general partner will vote and exercise other powers attributable to common units owned by an assignee who has not become a substituted limited partner at the written direction of the assignee. If no such direction is received, such units will not be voted.

Transferees who do not execute and deliver transfer applications will be treated neither as assignees nor as record holders of common units and will not receive distributions, U.S. federal income tax allocations or reports furnished to record holders of common units. The only right the transferees will have is the right to admission as a substituted limited partner in respect of the transferred common units upon execution of a transfer application in respect of the common units. A nominee or broker who has executed a transfer application with respect to common units held in street name or nominee accounts will receive distributions and reports pertaining to such common units.

A unitholder holding a Class B unit that has converted into a Partnership common unit will not be permitted to transfer such common unit until the general partner determines,

**Holdings**

registered owner of uncertificated units are given) are surrendered.



based on advice of counsel, that the converted unit should have economic and U.S. federal income tax characteristics of an the Partnership common unit. The general partner is obligated to take steps to provide for such uniformity, except as would have a material adverse effect on holders of common units.

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**DESCRIPTION OF PARTNERSHIP COMMON UNITS**

Generally, the Partnership common units represent limited partner interests that entitle the holders to participate in its cash distributions and to exercise the rights and privileges available to limited partners under its partnership agreement. The Partnership's outstanding common units are listed on the NYSE under the ticker symbol EPD. Any additional Partnership common units the Partnership issues will also be listed on the NYSE. The transfer agent and registrar for the Partnership common units is BNY Mellon Shareowner Services.

The Partnership also has issued and outstanding Class B units, which are entitled to the rights and privileges as noted below. The Class B units are held by a privately held affiliate of EPCO. The Class B units generally have the same rights and privileges as the Partnership common units, except that they are not entitled to regular quarterly cash distributions for the first sixteen quarters following October 26, 2009, which was the closing date of the Partnership's merger with TEPPCO. The Class B units will automatically convert into the same number of Partnership common units on the date immediately following the payment date for the sixteenth quarterly distribution following the closing of the TEPPCO merger.

**Meetings; Voting**

Each holder of Partnership common units and Class B units is entitled to one vote for each unit on all matters submitted to a vote of the Partnership common unitholders. Holders of the Class B units are entitled to vote as a separate class on any matter that adversely affects the rights or preference of such class in relation to other classes of partnership interests. The approval of a majority of the Class B units is required to approve any matter for which the Class B unitholders are entitled to vote as a separate class.

**Status as Limited Partner or Assignee**

Except as described below under Limited Liability, the Partnership common units will be fully paid, and Partnership common unitholders will not be required to make additional capital contributions to the Partnership.

Each purchaser of Partnership common units must execute a transfer application whereby the purchaser requests admission as a substituted limited partner and makes representations and agrees to provisions stated in the transfer application. If this action is not taken, a purchaser will not be registered as a record holder of Partnership common units on the books of the Partnership's transfer agent or issued a Partnership common unit certificate or other evidence of the issuance of uncertificated units. Purchasers may hold Partnership common units in nominee accounts.

An assignee, pending its admission as a substituted limited partner, is entitled to an interest in the Partnership equivalent to that of a limited partner with respect to the right to share in allocations and distributions, including liquidating distributions. The general partner of the Partnership will vote and exercise other powers attributable to Partnership common units owned by an assignee who has not become a substituted limited partner at the written direction of the assignee. Transferees who do not execute and deliver transfer applications will be treated neither as assignees nor as record holders of Partnership common units and will not receive distributions, U.S. federal income tax allocations or reports furnished to record holders of Partnership common units. The only right the transferees will have is the right to admission as a substituted limited partner in respect of the transferred Partnership common units upon execution of a transfer application in respect of the Partnership common units. A nominee or broker who has executed a transfer application with respect to Partnership common units held in street name or nominee accounts will receive distributions and reports pertaining to its Partnership common units.

**Limited Liability**

Assuming that a limited partner does not participate in the control of the Partnership's business within the meaning of the Delaware Act and that he otherwise acts in conformity with the provisions of the Partnership's partnership agreement, his liability under the Delaware Act will be limited, subject to some possible exceptions, generally to the amount of capital he is obligated to contribute to the Partnership in respect of his units in the Partnership plus his share of any undistributed profits and assets.

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Under the Delaware Act, a limited partnership may not make a distribution to a partner to the extent that at the time of the distribution, after giving effect to the distribution, all liabilities of the partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, exceed the fair value of the assets of the limited partnership.

For the purposes of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of the property subject to liability of which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act is liable to the limited partnership for the amount of the distribution for three years from the date of the distribution.

## **Reports and Records**

As soon as practicable, but in no event later than 120 days after the close of each fiscal year, the general partner of the Partnership will mail or furnish to each Partnership unitholder of record (as of a record date selected by the Partnership's general partner) an annual report containing the Partnership's audited financial statements for the past fiscal year. These financial statements will be prepared in accordance with U.S. GAAP. In addition, no later than 90 days after the close of each quarter (except the fourth quarter), the general partner of the Partnership will mail or furnish to each Partnership unitholder of record (as of a record date selected by the Partnership's general partner) a report containing the Partnership's unaudited financial statements and any other information required by law.

The general partner of the Partnership will use all reasonable efforts to furnish each Partnership unitholder of record information reasonably required for tax reporting purposes within 90 days after the close of each fiscal year. The general partner's ability to furnish this summary tax information will depend on the cooperation of Partnership unitholders in supplying information to the general partner of the Partnership. Each Partnership unitholder will receive information to assist him in determining his U.S. federal and state tax liability and filing his U.S. federal and state and income tax returns.

A Partnership limited partner can, for a purpose reasonably related to such limited partner's interest as a Partnership limited partner, upon reasonable demand and at his own expense, have furnished to him:

a current list of the name and last known address of each partner;

a copy of the Partnership's tax returns;

information as to the amount of cash and a description and statement of the agreed value of any other property or services contributed or to be contributed by each Partnership partner and the date on which each became a Partnership partner;

copies of the Partnership's partnership agreement, certificate of limited partnership, amendments to either of them and powers of attorney which have been executed under the Partnership's partnership agreement;

information regarding the status of the Partnership's business and financial condition; and

any other information regarding the Partnership's affairs as is just and reasonable.

The general partner of the Partnership may, and intends to, keep confidential from the limited partners trade secrets and other information the disclosure of which the general partner of the Partnership believes in good faith is not in the

Partnership's best interest or which the Partnership is required by law or by agreements with third parties to keep confidential.

Please read Comparison of the Rights of the Partnership and Holdings Unitholders for a further discussion of the Partnership's Sixth Partnership Agreement and a comparison of the agreement to Holdings' partnership agreement.

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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER**

The following is a discussion of the material U.S. federal income tax consequences of the merger that may be relevant to Holdings unitholders and Partnership common unitholders. Unless otherwise noted, the description of the law and the legal conclusions set forth in the discussion relating to the consequences of the merger to Holdings and its unitholders are the opinion of Vinson & Elkins L.L.P., counsel to Holdings, as to the material U.S. federal income tax consequences relating to those matters. Unless otherwise noted below, the description of the law and the legal conclusions set forth in the discussion relating to the consequences of the merger to the Partnership and its unitholders are the opinion of Andrews Kurth LLP, counsel to the Partnership, as to the material U.S. federal income tax consequences relating to those matters. This discussion is based upon current provisions of the Internal Revenue Code, existing and proposed regulations and current administrative rulings and court decisions, all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. Neither the Partnership nor Holdings has sought a ruling from the IRS with respect to any of the tax consequences discussed below, and the IRS would not be precluded from taking positions contrary to those described herein. As a result, no assurance can be given that the IRS will agree with all of the tax characterizations and the tax consequences described below.

This discussion does not purport to be a complete discussion of all U.S. federal income tax consequences of the merger. Moreover, the discussion focuses on Holdings unitholders and Partnership common unitholders who are individual citizens or residents of the United States (for U.S. federal income tax purposes) and has only limited application to corporations, estates, trusts, nonresident aliens, other unitholders subject to specialized tax treatment, such as tax-exempt institutions, foreign persons, individual retirement accounts, or IRAs, real estate investment trusts, or REITs, or mutual funds, traders in securities that elect to mark-to-market, affiliates of each of Holdings and the Partnership's general partners, or persons who hold Holdings units or Partnership common units as part of a hedge, straddle or conversion transaction. Also, the discussion assumes that the Holdings units and Partnership common units are held as capital assets at the time of the merger. **Accordingly, Holdings and the Partnership strongly urge each Holdings unitholder and Partnership common unitholder to consult with, and depend upon, his own tax advisor in analyzing the U.S. federal, state, local and foreign tax consequences particular to him of the merger.**

**Tax Opinions Required As a Condition to Closing**

No ruling has been or will be requested from the IRS with respect to the tax consequences of the merger. Instead, the Partnership and Holdings will rely on the opinions of their respective counsel regarding the tax consequences of the merger.

It is a condition of the Partnership's obligation to complete the merger that the Partnership receive an opinion of its counsel, Andrews Kurth LLP, to the effect that for U.S. federal income tax purposes:

the adoption of the Sixth Partnership Agreement, the merger and the transactions contemplated by the merger agreement will not cause the Partnership or any of the Partnership's operating partnerships to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes;

at least 90% of the current gross income of the Partnership constitutes qualifying income within the meaning of Section 7704(d) of the Internal Revenue Code;

the registration statement accurately sets forth the material U.S. federal income tax consequences to the Partnership unaffiliated unitholders of the merger and the transactions contemplated by the merger

agreement; and

no gain or loss should be recognized by existing Partnership unaffiliated unitholders as a result of the merger (other than gain resulting from any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code).

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It is a condition of Holdings' obligation to complete the merger that Holdings receive an opinion of its counsel, Vinson & Elkins L.L.P., to the effect that for U.S. federal income tax purposes:

no gain or loss should be recognized by Holdings unitholders to the extent Partnership common units are received in exchange for Holdings units as a result of the merger (other than gain resulting from either (i) any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code or (ii) any cash received in lieu of any fractional Partnership common units); and

the registration statement accurately sets forth the material U.S. federal income tax consequences to Holdings unitholders of the merger and the transactions contemplated by the merger agreement.

The opinion of Vinson & Elkins L.L.P. will be subject to certain limitations and will not apply to situations in which a Holdings unitholder's basis in its Holdings units is less than its share of partnership basis in the distributed Partnership common units. Please read Potential Application of Section 731(c) of the Internal Revenue Code.

The opinions of counsel will assume that the merger will be consummated in the manner contemplated by, and in accordance with, the terms set forth in the merger agreement and described in this proxy statement/prospectus.

In addition, the tax opinions delivered to the Partnership and Holdings at closing will be based on certain factual representations made by the Partnership, Holdings and their respective general partners. If either the Partnership or Holdings waives the receipt of the requisite tax opinion as a condition to closing and the changes to the tax consequences would be material, then this proxy statement/prospectus will be amended and recirculated and unitholder approval will be resolicited.

Further, if a change in U.S. federal income tax law occurs and a termination notice is provided by one party to the other party pursuant to the merger agreement, it is a condition to the obligation of the party providing the terminating notice to complete the merger that the terminating party receive from the non-terminating party an opinion of nationally recognized tax counsel, reasonably acceptable to the terminating party, to the effect that a unitholder should not be liable for an increase in U.S. federal income tax as a result of owning or disposing of Partnership common units.

Unlike a ruling, an opinion of counsel represents only that counsel's best legal judgment and does not bind the IRS or the courts. Accordingly, no assurance can be given that the above-described opinions and the opinions and statements made hereafter in this proxy statement/prospectus will be sustained by a court if contested by the IRS.

**Tax Consequences of the Merger – General**

Under the merger agreement, Holdings will merge with and into MergerCo, all Holdings units will be converted into Partnership common units, the IDRs and the 2% economic general partner interest in the Partnership will be cancelled and the non-economic general partner interest in Holdings held by the Holdings GP will be converted to a non-economic general partner interest in the Partnership. For U.S. federal income tax purposes, the Partnership and Holdings intend to take the position that the merger will be treated as an assets over merger of Holdings into the Partnership, whereby Holdings is deemed to contribute all of its assets and liabilities to the Partnership in exchange for newly issued Partnership common units and the non-economic general partner interest in the Partnership and liquidate immediately thereafter, distributing all of the Partnership common units to the Holdings unitholders and the non-economic general partner interest to the Holdings GP. The remainder of this discussion, except as otherwise noted, assumes that the merger and the transactions contemplated thereby will be treated for U.S. federal income tax purposes in the manner described above.



**Tax Consequences of the Merger to Holdings and Its Unitholders**

Except as discussed below, no gain or loss should be recognized by the holders of Holdings units solely as a result of the merger, other than gain resulting from (i) any decrease in partnership liabilities pursuant to

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Section 752 of the Internal Revenue Code and (ii) any cash received in lieu of any fractional Partnership common units. To the extent applicable, each holder of Holdings units is deemed to have consented pursuant to the merger agreement for U.S. federal income tax purposes to report the cash received for fractional Partnership common units in the merger as a sale of a portion of such holder's Holdings units to the Partnership. To the extent a holder of Holdings units receives cash in lieu of the distribution of fractional Partnership common units, such unitholder will recognize gain or loss equal to the difference between the cash received and the unitholder's adjusted tax basis allocable to such fractional Partnership common units.

### ***Classification of the Partnership and Holdings for U.S. Federal Income Tax Purposes***

If the Partnership were treated as a corporation for U.S. federal income tax purposes at the time of the merger, the merger would be a fully taxable transaction to a Holdings unitholder. The discussion below assumes that the Partnership will be classified as a partnership for U.S. federal income tax purposes at the time of the merger. Please read the discussion of the opinion of Andrews Kurth LLP that the Partnership is classified as a partnership for U.S. federal income tax purposes under "U.S. Federal Income Taxation of Ownership of Partnership Common Units Partnership Status" below.

The discussion below also assumes that Holdings will be classified as a partnership for U.S. federal income tax purposes at the time of the merger. Following the merger, a Holdings unitholder that receives Partnership common units will be treated as a partner in the Partnership regardless of the U.S. federal income tax classification of Holdings.

### ***Possible Taxable Gain to Certain Holdings Unitholders from Reallocation of Nonrecourse Liabilities***

As a partner in Holdings, a Holdings unitholder is entitled to include the nonrecourse liabilities of Holdings attributable to his Holdings units in the tax basis of his Holdings units. As a partner in the Partnership after the merger, a former Holdings unitholder will be entitled to include the nonrecourse liabilities of the Partnership attributable to the Partnership common units received in the merger in the tax basis of such units received. For this purpose, all liabilities of Holdings and the Partnership are considered nonrecourse liabilities. The nonrecourse liabilities of the Partnership will include the nonrecourse liabilities of Holdings after the merger. The amount of nonrecourse liabilities attributable to a Holdings unit or a Partnership common unit is determined under complex regulations under Section 752 of the Internal Revenue Code.

If the nonrecourse liabilities attributable to the Partnership common units received by a Holdings unitholder in the merger exceed the nonrecourse liabilities attributable to the Holdings units surrendered by the unitholder in the merger, the former Holdings unitholder's tax basis in the Partnership common units received will be correspondingly higher than the unitholder's tax basis in the Holdings units surrendered. If the nonrecourse liabilities attributable to the Partnership common units received by a Holdings unitholder in the merger are less than the nonrecourse liabilities attributable to the Holdings units surrendered by the Holdings unitholder in the merger, the former Holdings unitholder's tax basis in the Partnership common units received will be correspondingly lower than the unitholder's tax basis in the Holdings units surrendered. Please read "Tax Basis in the Partnership Common Units Received" below.

If any resulting reduction in a unitholder's share of nonrecourse liabilities exceeds such unitholder's tax basis in the Holdings units surrendered, such unitholder will recognize taxable gain in an amount equal to such excess. The Partnership and Holdings do not expect any Holdings unitholders to recognize gain in this manner.

### ***Potential Application of Section 731(c) of the Internal Revenue Code***

Pursuant to Section 731(c) of the Internal Revenue Code, subject to specific exceptions, the distribution of marketable securities by a partnership will be treated for U.S. federal income tax purposes as a distribution of cash. A partner will

recognize gain to the extent an actual or deemed distribution of cash exceeds the partner's basis in its partnership interest. For this purpose, Partnership common units distributed to a Holdings unitholder in the merger will be treated as marketable securities. Applicable exceptions to Section 731(c) will cause the amount of Partnership common units received by a Holdings unitholder in the

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merger that are treated as cash to be limited to such unitholder's share of Holdings' basis (including basis resulting from Section 743 adjustments) in the distributed Partnership common units. It is anticipated that a Holdings unitholder's basis in such unitholder's interest in Holdings will be equal to that unitholder's share of Holdings' basis (including basis resulting from Section 743 adjustments) in the distributed Partnership common units, and accordingly, the deemed cash distribution resulting from the distribution of Partnership common units in the merger will not exceed a unitholder's basis in that unitholder's Holdings units. In that case, a Holdings unitholder would not recognize gain as a result of the application of Section 731(c) of the Internal Revenue Code to the merger. Although it is not anticipated, circumstances may exist under which a Holdings unitholder's share of Holdings' basis (including basis resulting from Section 743 adjustments) in the distributed Partnership common units exceeds the unitholder's basis in that unitholder's Holdings units, in which case the merger may result in recognition of gain by such unitholder equal to that excess.

***Gain or Loss from a Disguised Sale of Holdings Assets to the Partnership***

For U.S. federal income tax purposes, the merger will be treated as a contribution by Holdings of all of its assets to the Partnership in exchange for the deemed assumption by the Partnership of the Holdings liabilities and the issuance to Holdings of Partnership common units, followed by a liquidation of Holdings in which Partnership common units are distributed to the Holdings unitholders in exchange for their Holdings units. Except to the extent an applicable exception applies, the Holdings liabilities deemed assumed by the Partnership would be treated as the taxable proceeds of a disguised sale by Holdings of a portion of its assets to the Partnership. Any gain or loss recognized by Holdings from such a disguised sale would be allocated among, and any such gain would be taxable to, Holdings unitholders.

All liabilities of Holdings should qualify for an exception to the disguised sale rules. Holdings believes that all liabilities of Holdings were either incurred in the ordinary course of business or qualify under one or more other exceptions to the disguised sale rules. Accordingly, the Partnership and Holdings intend to take the position that neither Holdings nor its unitholders will recognize disguised sale gain in the merger.

***Tax Basis of the Partnership Common Units Received***

A Holdings unitholder's initial tax basis in his Holdings units consisted of the amount the unitholder paid for the Holdings units plus the unitholder's share of Holdings' nonrecourse liabilities. That basis has been and will be increased by the unitholder's share of income and by any increases in the unitholder's share of nonrecourse liabilities. That basis has been and will be decreased, but not below zero, by distributions, by the unitholder's share of losses, by any decreases in the unitholder's share of nonrecourse liabilities and by the unitholder's share of expenditures that are not deductible in computing taxable income and are not required to be capitalized.

A Holdings unitholder's initial aggregate tax basis in Partnership common units the unitholder will receive in the merger will be equal to the unitholder's adjusted tax basis in the Holdings units exchanged therefor, decreased by (i) any basis attributable to the unitholder's share of Holdings' nonrecourse liabilities and (ii) any basis allocable to fractional Partnership common units if such holder receives cash in lieu of the distribution of fractional Partnership common units in the merger, and increased by the unitholder's share of the Partnership's nonrecourse liabilities immediately after the merger. In addition, a Holdings unitholder's tax basis in the Partnership common units received will be increased by the amount of any income or gain recognized by the unitholder pursuant to the transactions contemplated by the merger (other than gain recognized with respect to cash received by such unitholder in lieu of fractional Partnership common units).

***Holding Period of Partnership Common Units Received***

Because the merger will be treated as a contribution by Holdings of all of its assets to the Partnership in exchange for Partnership common units followed by a liquidation of Holdings in which Partnership common units are distributed to the Holdings unitholders, a Holdings unitholder's holding period for Partnership common units received in the merger will not be determined by reference to the holding period of the unitholder's Holdings units. Instead, a Holdings unitholder's holding period for Partnership common units

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received in the merger that are attributable to Holdings' capital assets or assets used in its business as defined in Section 1231 of the Internal Revenue Code will include Holdings' holding period in those assets. The holding period for Partnership common units received by Holdings unitholders attributable to other assets of Holdings, such as inventory and receivables, or to Partnership common units deemed received in a taxable transfer will begin on the day following the merger.

### ***Effect of Termination of Holdings' Tax Year at Closing of Merger***

Holdings uses the year ending December 31 as its taxable year and the accrual method of accounting for U.S. federal income tax purposes. As a result of the merger, Holdings' taxable year will end as of the date of the merger and Holdings will be required to file a final U.S. federal income tax return for the taxable year ending upon the date the merger is effected. Each Holdings unitholder will be required to include in income his share of income, gain, loss and deduction for this period. In addition, a Holdings unitholder who has a taxable year ending on a date other than December 31 and after the date the merger is effected must include his share of income, gain, loss and deduction in income for his taxable year, with the result that he will be required to include in income for his taxable year his share of more than one year of income, gain, loss and deduction from Holdings.

### **Anticipated Ratio of Taxable Income to Cash Distributions for Holdings Unitholders**

Holdings estimates that each Holdings unaffiliated unitholder that purchased its Holdings units subsequent to the initial public offering of Holdings units who receives Partnership common units in the merger and owns those units for the period from January 1, 2011 to December 31, 2013, will be allocated an aggregate amount of federal taxable income for that period that will be 20% or less of the cash distributed with respect to that period. Holdings expects the ratio of taxable income to cash distributions with respect to each Holdings unaffiliated unitholder for that period to be lower than it would have been if the merger had not occurred and the unitholder had continued to own its current Holdings units during that period. This analysis does not consider the ability of any particular Holdings unitholder to utilize suspended passive losses.

The amount and effect of the increase or decrease in net income, or increase or decrease in net loss, allocated to a former Holdings unitholder resulting from the merger and related transactions will depend upon the unitholder's particular situation, including when the unitholder purchased Holdings units (and the basis adjustment to such unitholder's share of Holdings units under Section 743(b) of the Internal Revenue Code) and the ability of the unitholder to utilize any suspended passive losses.

The estimates above are based upon many assumptions, including (i) that the merger is completed on or prior to December 31, 2010, (ii) that approximately 208.8 million Partnership common units will be issued to the Holdings unitholders in completion of the merger, (iii) that cash flow (and underlying gross income) from operations will be approximately equal to the amount required to maintain the distribution amount at the time of the merger on all Partnership common units, (iv) that the merger is respected as an asset-over merger with a deemed liquidation of Holdings (see Tax Consequences of the Merger - General above) and (v) other assumptions with regard to income, valuations, capital expenditures, cash flow, net working capital and anticipated cash distributions.

### **Tax Consequences of the Merger to the Partnership and Its Unitholders**

Neither the Partnership nor its unitholders should recognize any income or gain for U.S. federal income tax purposes as a result of the merger other than any gain recognized as a result of decreases in Partnership liabilities pursuant to Section 752 of the Internal Revenue Code. Each Partnership unitholder's share of nonrecourse liabilities will be recalculated following the merger. Any resulting increase or decrease in a Partnership unitholder's nonrecourse liabilities will result in a corresponding increase or decrease in such unitholder's adjusted tax basis in his Partnership

common units. A reduction in a unitholder's share of nonrecourse liabilities may, under certain circumstances, result in the recognition of taxable gain by a Partnership unitholder. The Partnership and Holdings do not expect any Partnership unitholders to recognize gain in this manner.

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**U.S. FEDERAL INCOME TAXATION OF  
OWNERSHIP OF PARTNERSHIP COMMON UNITS**

This section is a summary of the material U.S. federal, state and local tax consequences that may be relevant to owning Partnership common units received in the merger and, unless otherwise noted in the following discussion, is the opinion of Andrews Kurth LLP insofar as it describes legal conclusions with respect to matters of U.S. federal income tax law. Such statements are based on the accuracy of the representations made by the Partnership and the general partner of the Partnership to Andrews Kurth LLP, and statements of fact do not represent opinions of Andrews Kurth LLP. To the extent this section discusses U.S. federal income taxes, that discussion is based upon current provisions of the Internal Revenue Code, Treasury Regulations, and current administrative rulings and court decisions, all of which are subject to change. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below.

This section does not address all U.S. federal, state and local tax matters that affect the Partnership or its unitholders. To the extent that this section relates to taxation by a state, local or other jurisdiction within the United States, such discussion is intended to provide only general information. Neither the Partnership nor Holdings has sought the opinion of legal counsel regarding U.S. state, local or other taxation and, thus, any portion of the following discussion relating to such taxes does not represent the opinion of Andrews Kurth LLP or any other legal counsel. Furthermore, this section focuses on holders of Partnership common units who are individual citizens or residents of the United States, whose functional currency is the U.S. dollar and who hold units as capital assets (generally, property that is held as an investment). This section has no application to corporations, partnerships (and entities treated as partnerships for U.S. federal income tax purposes), estates, trusts, non-resident aliens or other unitholders subject to specialized tax treatment, such as tax-exempt institutions, non-U.S. persons, individual retirement accounts, employee benefit plans, real estate investment trusts or mutual funds. ***Accordingly, the Partnership encourages each unitholder to consult, and depend on, such unitholder's own tax advisor in analyzing the U.S. federal, state, local and non-U.S. tax consequences particular to that unitholder resulting from their ownership or disposition of its Partnership common units.***

No ruling has been or will be requested from the IRS regarding any matter affecting the Partnership following the merger or the consequences of owning Partnership common units received in the merger. Instead, the Partnership will rely on opinions and advice of Andrews Kurth LLP with respect to such matters. Unlike a ruling, an opinion of counsel represents only that counsel's best legal judgment and does not bind the IRS or the courts. Accordingly, the opinions and statements made below may not be sustained by a court if contested by the IRS. Any contest of this sort with the IRS may materially and adversely impact the market for Partnership common units and the prices at which Partnership common units trade. In addition, the costs of any contest with the IRS, principally legal, accounting and related fees, will result in a reduction in cash available for distribution to the Partnership's unitholders and thus will be borne indirectly by the unitholders. Furthermore, the tax treatment of the Partnership or of an investment in the Partnership may be significantly modified by future legislative or administrative changes or court decisions. Any modifications may or may not be retroactively applied.

For the reasons described below, Andrews Kurth LLP has not rendered an opinion with respect to the following specific U.S. federal income tax issues:

the treatment of a unitholder whose Partnership common units are loaned to a short seller to cover a short sale of Partnership common units (please read Tax Consequences of Partnership Common Unit Ownership Treatment of Short Sales );



whether the Partnership's monthly convention for allocating taxable income and losses is permitted by existing Treasury Regulations (please read [Disposition of Partnership Common Units](#) [Allocations Between Transferors and Transferees](#) );

whether the Partnership's method for depreciating Section 743 adjustments is sustainable in certain cases (please read [Tax Consequences of Partnership Common Unit Ownership](#) [Section 754 Election](#) and [Uniformity of Partnership Common Units](#) ); and

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whether a Holdings unitholder will be able to utilize suspended passive losses related to his Holdings units to offset income from Partnership common units.

### **Partnership Status**

A partnership is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each partner of a partnership is required to take into account his share of items of income, gain, loss and deduction of the partnership in computing his U.S. federal income tax liability, regardless of whether cash distributions are made to him by the partnership. Distributions by a partnership to a partner are generally not taxable to the partner unless the amount of cash distributed to him is in excess of the partner's adjusted basis in his partnership interest.

Section 7704 of the Internal Revenue Code provides that publicly traded partnerships will, as a general rule, be taxed as corporations. However, an exception, referred to as the Qualifying Income Exception, exists with respect to publicly traded partnerships of which 90% or more of the gross income for every taxable year consists of qualifying income. Qualifying income includes income and gains derived from the exploration, development, mining or production, processing, refining, transportation, storage and marketing of any mineral or natural resource, including the Partnership's allocable share of such income from Duncan Energy Partners L.P., a Delaware limited partnership, and Energy Transfer Equity, L.P., a Delaware limited partnership (the MLP Entities). Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income. The Partnership estimates that less than 5% of its current gross income is not qualifying income; however, this estimate could change from time to time. Based on and subject to this estimate, the factual representations made by the Partnership and the general partner of the Partnership and a review of the applicable legal authorities, Andrews Kurth LLP is of the opinion that at least 90% of the Partnership's current gross income constitutes qualifying income. The portion of its income that is qualifying income may change from time to time.

No ruling has been or will be sought from the IRS and the IRS has made no determination as to the status of the Partnership or Enterprise Products Operating LLC ( EPO ) as partnerships for U.S. federal income tax purposes. Instead, the Partnership will rely on the opinion of Andrews Kurth LLP on such matters. It is the opinion of Andrews Kurth LLP that, based upon the Internal Revenue Code, its regulations, published revenue rulings and court decisions and the representations described below, the Partnership and EPO will be classified as partnerships for U.S. federal income tax purposes.

In rendering its opinion, Andrews Kurth LLP has relied on factual representations made by the Partnership and the general partner of the Partnership. The representations made by the Partnership and the general partner of the Partnership upon which Andrews Kurth LLP has relied include:

- (a) None of the Partnership, the MLP Entities or EPO has elected or will elect to be treated as a corporation; and
- (b) For each taxable year, more than 90% of the Partnership's gross income has been and will be income that Andrews Kurth LLP has opined or will opine is qualifying income within the meaning of Section 7704(d) of the Internal Revenue Code.

If the Partnership fails to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery (in which case the IRS may also require the Partnership to make adjustments with respect to the Partnership's unitholders or pay other amounts), the Partnership will be treated as if the Partnership had transferred all of its assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which the Partnership fails to meet the Qualifying Income Exception, in

return for stock in that corporation, and then distributed that stock to the unitholders in liquidation of their interests in it. This deemed contribution and liquidation should be tax-free to unitholders and the Partnership except to the extent that the Partnership's liabilities exceed the tax basis of its assets at that time. Thereafter, the Partnership would be treated as a corporation for U.S. federal income tax purposes.

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If the Partnership were taxable as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, its items of income, gain, loss and deduction would be reflected only on its tax return rather than being passed through to the unitholders, and its net income would be taxed to the Partnership at corporate rates. Moreover, if any MLP Entity were taxable as a corporation in any taxable year, the Partnership's share of such entity's items of income, gain, loss and deduction would not be passed through to it and such entity would pay tax on its income at corporate rates. If the Partnership or an MLP Entity were taxable as a corporation, losses recognized by the MLP Entity would not flow through to the Partnership or losses recognized by the Partnership would not flow through to its unitholders, as the case may be. In addition, any distribution made by the Partnership to a unitholder (or by the MLP Entity to the Partnership) would be treated as (i) taxable dividend income, to the extent of current or accumulated earnings and profits, then (ii) a nontaxable return of capital, to the extent of the unitholder's tax basis in his common units (or the Partnership's tax basis in its interest in the MLP Entity), and thereafter (iii) taxable capital gain from the sale of such units (or from the sale of the Partnership's interest in the MLP Entity). Accordingly, taxation of the Partnership or any MLP Entity as a corporation would result in a material reduction in a unitholder's cash flow and after-tax return and thus would likely result in a substantial reduction of the value of the units.

The discussion below is based on Andrews Kurth LLP's opinion that the Partnership will be classified as a partnership for U.S. federal income tax purposes.

## **Limited Partner Status**

Unitholders who have become limited partners of the Partnership as a result of the merger will be treated as partners of the Partnership for U.S. federal income tax purposes. Also, assignees who have executed and delivered transfer applications, and are awaiting admission as limited partners, and unitholders whose common units are held in street name or by a nominee and who have the right to direct the nominee in the exercise of all substantive rights attendant to the ownership of their common units, will be treated as partners of the Partnership for U.S. federal income tax purposes. As there is no direct authority addressing assignees of common units who are entitled to execute and deliver transfer applications and thereby become entitled to direct the exercise of attendant rights, but who fail to execute and deliver transfer applications, Andrews Kurth LLP's opinion does not extend to these persons. Furthermore, a purchaser or other transferee of common units who does not execute and deliver a transfer application may not receive some U.S. federal income tax information or reports furnished to record holders of common units unless the common units are held in a nominee or street name account and the nominee or broker has executed and delivered a transfer application for those common units.

A beneficial owner of common units whose units have been transferred to a short seller to complete a short sale would appear to lose his status as a partner with respect to those units for U.S. federal income tax purposes. Please read [Tax Consequences of Partnership Common Unit Ownership - Treatment of Short Sales](#).

Items of the Partnership's income, gain, loss and deduction would not appear to be reportable by a unitholder who is not a partner for U.S. federal income tax purposes, and any cash distributions received by a unitholder who is not a partner for U.S. federal income tax purposes would therefore appear to be fully taxable as ordinary income. These unitholders are urged to consult their own tax advisors with respect to their tax consequences of holding units in the Partnership. The references to unitholders in the discussion that follows are to persons who are treated as partners in the Partnership for U.S. federal income tax purposes.

## **Tax Consequences of Partnership Common Unit Ownership**

*Flow-through of Taxable Income.* The Partnership does not pay any U.S. federal income tax. Instead, each unitholder is required to report on his income tax return his share of its income, gains, losses and deductions without regard to

whether corresponding cash distributions are received by him. Consequently, the Partnership may allocate income to a unitholder even if he has not received a cash distribution. Each unitholder will be required to include in income his allocable share of the Partnership's income, gains, losses

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and deductions for its taxable year or years ending with or within his taxable year. The Partnership's taxable year ends on December 31.

*Treatment of Distributions.* Distributions by the Partnership to a unitholder generally will not be taxable to the unitholder for U.S. federal income tax purposes, except to the extent the amount of any such cash distribution exceeds his tax basis in his common units immediately before the distribution. The Partnership's cash distributions in excess of a unitholder's tax basis in his common units generally will be considered to be gain from the sale or exchange of the common units, taxable in accordance with the rules described under [Disposition of Partnership Common Units](#) below. Any reduction in a unitholder's share of the Partnership's liabilities for which no partner bears the economic risk of loss, known as nonrecourse liabilities, will be treated as a distribution of cash to that unitholder. To the extent the Partnership's distributions cause a unitholder's at risk amount to be less than zero at the end of any taxable year, the unitholder must recapture any losses deducted in previous years. Please read [Limitations on Deductibility of Losses](#).

A decrease in a unitholder's percentage interest in the Partnership because of its issuance of additional common units will decrease his share of its nonrecourse liabilities, and thus will result in a corresponding deemed distribution of cash which may constitute a non-pro rata distribution. A non-pro rata distribution of money or property may result in ordinary income to a unitholder, regardless of his tax basis in his common units, if the distribution reduces the unitholder's share of the Partnership's unrealized receivables, including depreciation recapture, and/or substantially appreciated inventory items, both as defined in Section 751 of the Internal Revenue Code, and collectively, Section 751 Assets. To that extent, he will be treated as having been distributed his proportionate share of the Section 751 Assets and having then exchanged those assets with the Partnership in return for the non-pro rata portion of the actual distribution made to him. This latter deemed exchange will generally result in the unitholder's realization of ordinary income, which will equal the excess of the non-pro rata portion of that distribution over the unitholder's tax basis for the share of Section 751 Assets deemed relinquished in the exchange.

*Basis of Common Units.* Please read [Material U.S. Federal Income Tax Consequences of the Merger](#) [Tax Consequences of the Merger to Holdings and its Unitholders](#) [Tax Basis of the Partnership Common Units Received](#) for a discussion of how to determine the initial tax basis of Partnership common units received in the merger. A unitholder's initial tax basis in his Partnership common units generally will be increased by his share of the Partnership's income and gains and by any increases in his share of its nonrecourse liabilities. That basis generally will be decreased, but not below zero, by distributions from the Partnership, by the unitholder's share of its losses and deductions, by any decreases in his share of its nonrecourse liabilities and by his share of its expenditures that are not deductible in computing taxable income and are not required to be capitalized. A unitholder will have a share of the Partnership nonrecourse liabilities generally based on Book-Tax Disparity (as described in [Allocation of Income, Gain, Loss and Deductions](#)) attributable to such unitholder, to the extent of such amount, and thereafter, such unitholder's share of the Partnership's profits. Please read [Disposition of Partnership Common Units](#) [Recognition of Gain or Loss](#).

*Limitations on Deductibility of Losses.* The deduction by a unitholder of his share of the Partnership's losses will be limited to the tax basis in his units and, in the case of an individual unitholder or a corporate unitholder, if more than 50% of the value of the corporate unitholder's stock is owned directly or indirectly by or for five or fewer individuals or some tax-exempt organizations, to the amount for which the unitholder is considered to be at risk with respect to the Partnership's activities, if that amount is less than his tax basis. A unitholder subject to these limitations must recapture losses deducted in previous years to the extent that distributions cause his at risk amount to be less than zero at the end of any taxable year. Losses disallowed to a unitholder or recaptured as a result of these limitations will carry forward and will be allowable as a deduction in a later year to the extent that his tax basis or at risk amount, whichever is the limiting factor, is subsequently increased provided that such losses are otherwise allowable. Upon the taxable disposition of a unit, any gain recognized by a unitholder can be offset by losses that were previously suspended by the at risk limitation but may not be offset by losses suspended by the basis limitation. Any excess loss above that gain

previously suspended by the at risk or basis limitations is no longer utilizable.

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In general, a unitholder will be at risk to the extent of the tax basis of his units, excluding any portion of that basis attributable to his share of the Partnership's nonrecourse liabilities, reduced by (i) any portion of that basis representing amounts other than those protected against loss because of a guarantee, stop-loss agreement or other similar arrangement and (ii) any amount of money he borrows to acquire or hold his units, if the lender of those borrowed funds owns an interest in the Partnership, is related to another unitholder who has an interest in the Partnership, or can look only to the units for repayment. A unitholder's at risk amount will increase or decrease as the tax basis of the unitholder's units increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in his share of the Partnership's nonrecourse liabilities.

In addition to the basis and at-risk limitations on the deductibility of losses, the passive loss limitations generally provide that individuals, estates, trusts and some closely-held corporations and personal service corporations are permitted to deduct losses from passive activities, which are generally trade or business activities in which the taxpayer does not materially participate, only to the extent of the taxpayer's income from those passive activities. The passive loss limitations are applied separately with respect to each publicly traded partnership. However, the application of the passive loss limitations to tiered publicly traded partnerships is uncertain. The Partnership will take the position that any passive losses it generates that are reasonably allocable to its investment in Duncan Energy Partners or Energy Transfer Equity, as applicable, will only be available to offset its passive income generated in the future that is reasonably allocable to its investment in Duncan Energy Partners or Energy Transfer Equity, as applicable, and will not be available to offset income from other passive activities or investments, including other investments in private businesses or investments the Partnership may make in other publicly traded partnerships. Moreover, because the passive loss limitations are applied separately with respect to each publicly traded partnership, any passive losses the Partnership generates will only be available to offset the Partnership's passive income generated in the future and will not be available to offset income from other passive activities or investments, including its investments or investments in other publicly traded partnerships, or a unitholder's salary or active business income. Further, a unitholder's share of the Partnership's net income may be offset by any suspended passive losses from his investment in it, but may not be offset by his current or carryover losses from other passive activities, including those attributable to other publicly traded partnerships. Passive losses that are not deductible because they exceed a unitholder's share of income the Partnership generates may be deducted in full when the unitholder disposes of his entire investment in it in a fully taxable transaction with an unrelated party. The passive activity loss limitations are applied after other applicable limitations on deductions, including the at risk rules and the basis limitation.

The IRS could take the position that for purposes of applying the passive loss limitation rules to tiered publicly traded partnerships, such as the MLP Entities and the Partnership, the related entities are treated as one publicly traded partnership. In that case, any passive losses the Partnership generates would be available to offset income from a unitholder's investment in the MLP Entities, as applicable. However, passive losses that are not deductible because they exceed a unitholder's share of income the Partnership generates would not be deductible in full until a unitholder disposes of his entire investment in the Partnership and each MLP Entity in a fully taxable transaction with an unrelated party.

A unitholder's share of the Partnership's net income may be offset by any of its suspended passive losses, but it may not be offset by any other current or carryover losses from other passive activities, including those attributable to other publicly traded partnerships.

There is no guidance as to whether suspended passive activity losses of Holdings units will be available to offset passive activity income that is allocated to a former Holdings unitholder from the Partnership after the merger. The IRS may contend that the Partnership is not the same partnership as Holdings and, accordingly, the passive loss limitation rules would not allow use of such losses until such time as all of such unitholder's Partnership common units are sold. A Partnership unitholder may take the position, however, that the Partnership should be deemed a continuation of Holdings for this purpose such that any suspended Holdings losses would be available to offset



Partnership taxable income allocated to such unitholder. Because of the lack of guidance with respect to this issue and the application of the passive loss limitation rules to tiered publicly traded partnerships, Andrews Kurth LLP is unable to opine as to whether suspended passive

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activity losses arising from Holdings activities will be available to offset Partnership taxable income allocated to a former Holdings unitholder following the merger. If a unitholder has losses with respect to Holdings units, it is urged to consult its own tax advisor.

*Limitations on Interest Deductions.* The deductibility of a non-corporate taxpayer's investment interest expense is generally limited to the amount of that taxpayer's net investment income. Investment interest expense includes:

interest on indebtedness properly allocable to property held for investment;

the Partnership's interest expense attributed to portfolio income; and

the portion of interest expense incurred to purchase or carry an interest in a passive activity to the extent attributable to portfolio income.

The computation of a unitholder's investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase or carry a unit. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment. The IRS has indicated that net passive income earned by a publicly traded partnership will be treated as investment income to its unitholders for purposes of the investment interest deduction limitation. In addition, the unitholder's share of the Partnership's portfolio income will be treated as investment income.

*Entity-Level Collections.* If the Partnership is required or elects under applicable law to pay any federal, state, local or foreign income tax on behalf of any unitholder or any former unitholder, it is authorized to pay those taxes from the Partnership's funds. That payment, if made, will be treated as a distribution of cash to the unitholder on whose behalf the payment was made. If the payment is made on behalf of a person whose identity cannot be determined, the Partnership is authorized to treat the payment as a distribution to all current unitholders. The Partnership is authorized to amend its partnership agreement in the manner necessary to maintain uniformity of intrinsic tax characteristics of units and to adjust later distributions, so that after giving effect to these distributions, the priority and characterization of distributions otherwise applicable under its partnership agreement is maintained as nearly as is practicable. Payments by the Partnership as described above could give rise to an overpayment of tax on behalf of an individual unitholder in which event the unitholder would be required to file a claim in order to obtain a credit or refund.

*Allocation of Income, Gain, Loss and Deduction.* In general, if the Partnership has a net profit, its items of income, gain, loss and deduction will be allocated among the unitholders in accordance with their percentage interests in the Partnership. If the Partnership has a net loss for the entire year, that loss will be allocated to the unitholders in accordance with their percentage interests in the Partnership. An allocation of items of the Partnership's income, gain, loss or deduction (other than an allocation required by Section 704(c) to eliminate the difference between a partner's book capital account, credited with the fair market value of Contributed Property, and the tax capital account, credited with the tax basis of Contributed Property, referred to as Book-Tax Disparity and further discussed below) will generally be given effect for U.S. federal income tax purposes in determining a partner's share of an item of income, gain, loss or deduction only if the allocation has substantial economic effect. In any other case, a partner's share of an item will be determined on the basis of his interest in the Partnership, which will be determined by taking into account all the facts and circumstances, including:

his relative contributions to the Partnership;

the interests of all the partners in profits and losses;

the interest of all the partners in cash flow and other nonliquidating distributions; and

the rights of all the partners to distributions of capital upon liquidation.

Andrews Kurth LLP is of the opinion that, with the exception of the issues described in Tax Consequences of  
Partnership Common Unit Ownership Section 754 Election, Uniformity of

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Partnership Common Units and Disposition of Partnership Common Units Allocations Between Transferors and Transferees, allocations under the Partnership's partnership agreement will be given effect for U.S. federal income tax purposes in determining a partner's share of an item of income, gain, loss or deduction.

*Allocations With Respect to Contributed Property.* Specified items of the Partnership's income, gain, loss and deduction will be allocated under Section 704(c) of the Internal Revenue Code to account for (i) any difference between the tax basis and fair market value of the Partnership's assets at the time of an offering, or (ii) any difference between the tax basis and fair market value of any property contributed to the Partnership at the time of such contribution, together referred to in this discussion as Contributed Property. These allocations are required to eliminate the Book-Tax Disparity with respect to the Contributed Property. Holders of the Partnership common units received by the Holdings unitholders will receive the Section 704(c) allocations that otherwise would have been allocated to Holdings pursuant to Section 704(c). Under these rules for example, following the merger in the event that the Partnership divests itself of certain assets formerly owned by Holdings (including through a distribution of such assets), all or a portion of any gain recognized as a result of a divestiture of such assets may be required to be allocated to the pre-merger Holdings unitholders. In addition, former Holdings unitholders may also be required to recognize their share of Holdings' remaining built-in gain upon certain distributions by the Partnership to that unitholder of other Partnership property (other than money) within seven years following the merger. No special distributions will be made to the former Holdings unitholders with respect to any tax liability from such allocations.

In the event the Partnership issues additional common units or engages in certain other transactions in the future, reverse Section 704(c) allocations, similar to the Section 704(c) allocations described above, will be made to all partners to account for the difference, at the time of the future transaction, between the book basis for purposes of maintaining capital accounts and the fair market value of all property held by the Partnership at the time of the future transaction. In addition, items of recapture income will be allocated to the extent possible to the unitholder who was allocated the deduction giving rise to the treatment of that gain as recapture income in order to minimize the recognition of ordinary income by other unitholders. Finally, although the Partnership does not expect that its operations will result in the creation of negative capital accounts, if negative capital accounts nevertheless result, items of its income and gain will be allocated in an amount and manner sufficient to eliminate the negative balance as quickly as possible.

*Treatment of Short Sales.* A unitholder whose units are loaned to a short seller to cover a short sale of units may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. As a result, during this period:

any of the Partnership's income, gain, loss or deduction with respect to those units would not be reportable by the unitholder;

any cash distributions received by the unitholder as to those units would be fully taxable; and

all of these distributions would appear to be ordinary income.

Andrews Kurth LLP has not rendered an opinion regarding the tax treatment of a unitholder where common units are loaned to a short seller to cover a short sale of common units. Therefore, unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and loaning their units. The IRS has previously announced that it is studying issues relating to the tax treatment of short sales of partnership interests. Please also read Disposition of Partnership Common Units Recognition of Gain or Loss.

*Alternative Minimum Tax.* Each unitholder will be required to take into account his distributive share of any items of the Partnership's income, gain, loss or deduction for purposes of the alternative minimum tax. The current minimum tax rate for noncorporate taxpayers is 26% on the first \$175,000 of alternative minimum taxable income in excess of the exemption amount and 28% on any additional alternative minimum taxable

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income. Prospective unitholders are urged to consult with their tax advisors as to the impact of an investment in units on their liability for the alternative minimum tax.

*Tax Rates.* Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 35% and the maximum U.S. federal income tax rate for net capital gains of an individual is 15% if the asset disposed of was a capital asset held for more than 12 months at the time of disposition. However, absent new legislation extending the current rates, beginning January 1, 2011, the highest marginal U.S. federal income tax rate applicable to ordinary income and long-term capital gains of individuals will increase to 39.6% and 20%, respectively. Moreover, these rates are subject to change by new legislation at any time.

Recently enacted legislation will impose a 3.8% Medicare tax on certain investment income earned by individuals, estates and trusts for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes a unitholder's allocable share of the Partnership's income and gain realized by a unitholder from a sale of common units. In the case of an individual, the tax will be imposed on the lesser of (i) the unitholder's net investment income or (ii) the amount by which the unitholder's modified adjusted gross income exceeds \$250,000 (if the unitholder is married and filing jointly or a surviving spouse), \$125,000 (if the unitholder is married and filing separately) or \$200,000 (in any other case).

*Section 754 Election.* The Partnership has made the election permitted by Section 754 of the Internal Revenue Code. That election is irrevocable without the consent of the IRS. The election generally permits the Partnership to adjust a common unit purchaser's tax basis in the Partnership's assets (inside basis) under Section 743(b) of the Internal Revenue Code to reflect his purchase price. This election applies to a person who purchases units from a selling unitholder but does not apply to a person who purchases common units directly from the Partnership or receives Partnership common units pursuant to the merger. The Section 743(b) adjustment belongs to the purchaser and not to other unitholders. For purposes of this discussion, a unitholder's inside basis in the Partnership's assets will be considered to have two components: (i) his share of its tax basis in its assets (common basis) and (ii) his Section 743(b) adjustment to that basis.

Treasury Regulations under Section 743 of the Internal Revenue Code require, if the remedial allocation method is adopted (which the Partnership has adopted), a portion of the Section 743(b) adjustment that is attributable to recovery property subject to depreciation under Section 168 of the Internal Revenue Code to be depreciated over the remaining cost recovery period for the property's unamortized Book-Tax Disparity. Under Treasury Regulation Section 1.167(c)-1(a)(6), a Section 743(b) adjustment attributable to property subject to depreciation under Section 167 of the Internal Revenue Code, rather than cost recovery deductions under Section 168, is generally required to be depreciated using either the straight-line method or the 150% declining balance method. Under the Partnership's partnership agreement, the general partner of the Partnership is authorized to take a position to preserve the uniformity of units even if that position is not consistent with these and any other Treasury Regulations. Please read [Uniformity of Partnership Common Units](#).

Although Andrews Kurth LLP is unable to opine as to the validity of this approach because there is no controlling authority on this issue, the Partnership intends to depreciate the portion of a Section 743(b) adjustment attributable to unrealized appreciation in the value of Contributed Property, to the extent of any unamortized Book-Tax Disparity, using a rate of depreciation or amortization derived from the depreciation or amortization method and useful life applied to the unamortized Book-Tax Disparity of the property, or treat that portion as non-amortizable to the extent attributable to property which is not amortizable. This method is consistent with methods employed by other publicly traded partnerships but is arguably inconsistent with Treasury Regulation Section 1.167(c)-1(a)(6), which is not expected to directly apply to a material portion of the Partnership's assets. To the extent this Section 743(b) adjustment is attributable to appreciation in value in excess of the unamortized Book-Tax Disparity, the Partnership will apply the rules described in the Treasury Regulations and legislative history. If the Partnership determines that this position

cannot reasonably be taken, it may take a depreciation or amortization position under which all purchasers acquiring units in the same month would receive depreciation or amortization, whether attributable to common basis or a Section 743(b) adjustment, based upon the same applicable rate as if they had purchased a direct interest in the Partnership s

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assets. This kind of aggregate approach may result in lower annual depreciation or amortization deductions than would otherwise be allowable to some unitholders. Please read *Uniformity of Units*. A unitholder's tax basis for his common units is reduced by his share of the Partnership's deductions (whether or not such deductions were claimed on an individual's income tax return) so that any position the Partnership takes that understates deductions will overstate the common unitholder's basis in his common units, which may cause the unitholder to understate gain or overstate loss on any sale of such units. Please read *Disposition of Partnership Common Units* *Recognition of Gain or Loss*. The IRS may challenge the Partnership's position with respect to depreciating or amortizing the Section 743(b) adjustment the Partnership takes to preserve the uniformity of the units. If such a challenge were sustained, the gain from the sale of units might be increased without the benefit of additional deductions.

A Section 754 election is advantageous if the transferee's tax basis in his units is higher than the units' share of the aggregate tax basis of the Partnership's assets immediately prior to the transfer. In that case, as a result of the election, the transferee would have, among other items, a greater amount of depreciation deductions and his share of any gain or loss on a sale of the Partnership's assets would be less. Conversely, a Section 754 election is disadvantageous if the transferee's tax basis in his units is lower than those units' share of the aggregate tax basis of the Partnership's assets immediately prior to the transfer. Thus, the fair market value of the units may be affected either favorably or unfavorably by the election. A basis adjustment is required regardless of whether a Section 754 election is made in the case of a transfer of an interest in the Partnership if the Partnership has a substantial built-in loss immediately after the transfer, or if the Partnership distributes property and has a substantial basis reduction. Generally a basis reduction or a built-in loss is substantial if it exceeds \$250,000.

The calculations involved in the Section 754 election are complex and will be made on the basis of assumptions as to the value of the Partnership's assets and other matters. For example, the allocation of the Section 743(b) adjustment among its assets must be made in accordance with the Internal Revenue Code. The IRS could seek to reallocate some or all of any Section 743(b) adjustment the Partnership allocated to its tangible assets or the tangible assets owned by the MLP Entities to goodwill instead. Goodwill, as an intangible asset, is generally either non-amortizable or amortizable over a longer period of time or under a less accelerated method than the Partnership's tangible assets. The Partnership cannot assure you that the determinations it makes will not be successfully challenged by the IRS and that the deductions resulting from them will not be reduced or disallowed altogether. Should the IRS require a different basis adjustment to be made, and should, in the Partnership's opinion, the expense of compliance exceed the benefit of the election, the Partnership may seek permission from the IRS to revoke the Partnership's Section 754 election. If permission is granted, a subsequent purchaser of units may be allocated more income than he would have been allocated had the election not been revoked.

**Tax Treatment of Operations**

*Accounting Method and Taxable Year.* The Partnership uses the year ending December 31 as its taxable year and the accrual method of accounting for U.S. federal income tax purposes. Each unitholder will be required to include in income his share of the Partnership's income, gain, loss and deduction for its taxable year or years ending within or with his taxable year. In addition, a unitholder who has a taxable year different than the Partnership's taxable year and who disposes of all of his units following the close of its taxable year but before the close of his taxable year must include his share of its income, gain, loss and deduction in income for his taxable year, with the result that he will be required to include in income for his taxable year his share of more than one year of its income, gain, loss and deduction. Please read *Disposition of Partnership Common Units* *Allocations Between Transferors and Transferees*.

*Tax Basis, Depreciation and Amortization.* The Partnership uses the tax basis of its and the MLP Entities' assets for purposes of computing depreciation and cost recovery deductions and, ultimately, gain or loss on the disposition of these assets. The U.S. federal income tax burden associated with the difference between the fair market value of the Partnership's assets and their tax basis (a) at the time of the merger will be borne by Partnership unitholders



immediately before the merger and as of such period, and (b) at the time

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of any other offering will be borne by the Partnership unitholders as of that time. Please read **Tax Consequences of Partnership Common Unit Ownership Allocations With Respect to Contributed Property.**

To the extent allowable, the Partnership may elect to use the depreciation and cost recovery methods that will result in the largest deductions being taken in the early years after assets subject to these allowances are placed in service. Property the Partnership subsequently acquires or constructs may be depreciated using accelerated methods permitted by the Internal Revenue Code.

If the Partnership or the MLP Entities dispose of depreciable property by sale, foreclosure, or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation previously deducted and the nature of the property, may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a common unitholder who has taken cost recovery or depreciation deductions with respect to property the Partnership or the MLP Entities own will likely be required to recapture some, or all, of those deductions as ordinary income upon a sale of his interest in it. Please read **Tax Consequences of Partnership Common Unit Ownership Allocation of Income, Gain, Loss and Deduction, Tax Consequences of Partnership Common Unit Ownership Allocations With Respect to Contributed Property** and **Disposition of Partnership Common Units Recognition of Gain or Loss.**

The costs incurred in selling the Partnership's units (called **syndication expenses**) must be capitalized and cannot be deducted currently, ratably or upon its termination. There are uncertainties regarding the classification of costs as organization expenses, which the Partnership may amortize, and as syndication expenses, which the Partnership may not be able to amortize. The underwriting discounts and commissions the Partnership incurs will be treated as syndication expenses.

*Valuation and Tax Basis of the Partnership's Properties.* The U.S. federal income tax consequences of the ownership and disposition of units will depend in part on the Partnership's estimates of the relative fair market values, and the tax bases, of the Partnership's assets and the MLP Entities' assets. Although the Partnership may from time to time consult with professional appraisers regarding valuation matters, it will make many of the relative fair market value estimates itself. These estimates and determinations of basis are subject to challenge and will not be binding on the IRS or the courts. If the estimates of fair market value or basis are later found to be incorrect, the character and amount of items of income, gain, loss or deductions previously reported by unitholders might change, and unitholders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

**Disposition of Partnership Common Units**

*Recognition of Gain or Loss.* Gain or loss will be recognized on a sale of units equal to the difference between the unitholder's amount realized and the unitholder's tax basis for the units sold. A unitholder's amount realized will be measured by the sum of the cash or the fair market value of other property received by him plus his share of the Partnership's nonrecourse liabilities attributable to the common units sold. Because the amount realized includes a unitholder's share of the Partnership's nonrecourse liabilities, the gain recognized on the sale of units could result in a tax liability in excess of any cash received from the sale.

Prior distributions from the Partnership in excess of cumulative net taxable income for a common unit that decreased a unitholder's tax basis in that common unit will, in effect, become taxable income if the common unit is sold at a price greater than the unitholder's tax basis in that common unit, even if the price received is less than his original cost.

Except as noted below, gain or loss recognized by a unitholder, other than a dealer in units, on the sale or exchange of a unit will generally be taxable as capital gain or loss. Capital gain recognized by an individual on the sale of units held more than 12 months will generally be taxed at a maximum U.S. federal income tax rate of 15% through

December 31, 2010 and 20% thereafter (absent legislation extending or adjusting the current rate). However, a portion, which will likely be substantial, of this gain or loss will be separately computed and taxed as ordinary income or loss under Section 751 of the Internal Revenue Code to the extent attributable to assets giving rise to depreciation recapture or other unrealized receivables or to inventory items the Partnership or the MLP Entities own. The term unrealized receivables includes

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potential recapture items, including depreciation recapture. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized on the sale of a unit and may be recognized even if there is a net taxable loss realized on the sale of a unit. Thus, a unitholder may recognize both ordinary income and a capital loss upon a sale of units. Net capital losses may offset capital gains and no more than \$3,000 of ordinary income each year in the case of individuals and may only be used to offset capital gains in the case of corporations.

The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an equitable apportionment method, which generally means that the tax basis allocated to the interest sold equals an amount that bears the same relation to the partner's tax basis in his entire interest in the partnership as the value of the interest sold bears to the value of the partner's entire interest in the partnership. Treasury Regulations under Section 1223 of the Internal Revenue Code allow a selling unitholder who can identify common units transferred with an ascertainable holding period to elect to use the actual holding period of the common units transferred. Thus, according to the ruling discussed above, a common unitholder will be unable to select high or low basis common units to sell as would be the case with corporate stock, but, according to the Treasury Regulations, may designate specific common units sold for purposes of determining the holding period of units transferred. A unitholder electing to use the actual holding period of common units transferred must consistently use that identification method for all subsequent sales or exchanges of common units. A unitholder considering the purchase of additional units or a sale of common units purchased in separate transactions is urged to consult his tax advisor as to the possible consequences of this ruling and application of the Treasury Regulations.

Specific provisions of the Internal Revenue Code affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an appreciated partnership interest, one in which gain would be recognized if it were sold, assigned or terminated at its fair market value, if the taxpayer or related persons enter(s) into:

- a short sale;
- an offsetting notional principal contract; or
- a futures or forward contract with respect to the partnership interest or substantially identical property.

Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to the partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Secretary of the Treasury is also authorized to issue regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position.

*Allocations Between Transferors and Transferees.* In general, the Partnership's taxable income or loss will be determined annually, will be prorated on a monthly basis and will be subsequently apportioned among the unitholders in proportion to the number of units owned by each of them as of the opening of the applicable exchange on the first business day of the month, which the Partnership refers to in this prospectus as the Allocation Date. However, gain or loss realized on a sale or other disposition of the Partnership's assets other than in the ordinary course of business will be allocated among the unitholders on the Allocation Date in the month in which that gain or loss is recognized. As a result, a unitholder transferring units may be allocated income, gain, loss and deduction realized after the date of transfer.

Although simplifying conventions are contemplated by the Internal Revenue Code and most publicly traded partnerships use similar simplifying conventions, the use of this method may not be permitted under existing Treasury Regulations. Recently, the Department of the Treasury and the IRS issued proposed Treasury Regulations that provide a safe harbor pursuant to which a publicly traded partnership may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders, although such tax items must be prorated on a daily basis. Existing publicly traded partnerships are entitled to rely on

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these proposed Treasury Regulations; however, they are not binding on the IRS and are subject to change until final Treasury Regulations are issued. Accordingly, Andrews Kurth LLP is unable to opine on the validity of this method of allocating income and deductions between transferor and transferee unitholders. If this method is not allowed under the Treasury Regulations, or only applies to transfers of less than all of the unitholder's interest, the Partnership's taxable income or losses might be reallocated among the unitholders. The Partnership is authorized to revise its method of allocation between transferor and transferee unitholders, as well as unitholders whose interests vary during a taxable year, to conform to a method permitted under future Treasury Regulations.

A unitholder who owns units at any time during a quarter and who disposes of them prior to the record date set for a cash distribution for that quarter will be allocated items of the Partnership's income, gain, loss and deductions attributable to that quarter but will not be entitled to receive that cash distribution.

*Notification Requirements.* A unitholder who sells any of his units, other than through a broker, generally is required to notify the Partnership in writing of that sale within 30 days after the sale (or, if earlier, January 15 of the year following the sale). A purchaser of units who purchases units from another unitholder is also generally required to notify the Partnership in writing of that purchase within 30 days after the purchase. Upon receiving such notification, the Partnership is required to notify the IRS of that transaction and to furnish specified information to the transferor and transferee. Failure to notify the Partnership of a transfer of units may, in some cases, lead to the imposition of penalties. However, these reporting requirements do not apply to a sale by an individual who is a citizen of the U.S. and who effects the sale or exchange through a broker who will satisfy such requirements.

*Constructive Termination.* The Partnership will be considered to have been terminated for tax purposes if there are sales or exchanges of interests in the Partnership which, in the aggregate, constitute 50% or more of the total interests in the Partnership's capital and profits within a 12-month period. A constructive termination results in the closing of the Partnership's taxable year for all unitholders. In the case of a unitholder reporting on a taxable year different from its taxable year, the closing of its taxable year may result in more than 12 months of its taxable income or loss being includable in his taxable income for the year of termination. A constructive termination occurring on a date other than December 31 will result in the Partnership filing two tax returns (and unitholders could receive two Schedules K-1) for one fiscal year and the cost of the preparation of these returns will be borne by all common unitholders. The Partnership would be required to make new tax elections after a termination, including a new election under Section 754 of the Internal Revenue Code, and a termination would result in a deferral of the Partnership's deductions for depreciation. A termination could also result in penalties if the Partnership was unable to determine that the termination had occurred.

Moreover, a termination might either accelerate the application of, or subject the Partnership to, any tax legislation enacted before the termination. The IRS has recently announced a relief procedure whereby if a publicly traded partnership that has technically terminated requests and is granted relief from the IRS, among other things, the partnership will only have to provide one Schedule K-1 to unitholders for the fiscal year notwithstanding that two partnership tax years result from the termination.

## **Uniformity of Partnership Common Units**

Because the Partnership cannot match transferors and transferees of units, it must maintain uniformity of the economic and tax characteristics of the units to a purchaser of these units. In the absence of uniformity, the Partnership may be unable to completely comply with a number of U.S. federal income tax requirements, both statutory and regulatory. A lack of uniformity can result from a literal application of Treasury Regulation Section 1.167(c)-1(a)(6). Any non-uniformity could have a negative impact on the value of the units. Please read [Tax Consequences of Partnership Common Unit Ownership](#) Section 754 Election.

The Partnership intends to depreciate the portion of a Section 743(b) adjustment attributable to unrealized appreciation in the value of Contributed Property, to the extent of any unamortized Book-Tax Disparity, using a rate of depreciation or amortization derived from the depreciation or amortization method and useful life applied to the unamortized Book-Tax Disparity of that property, or treat that portion as nonamortizable, to the

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extent attributable to property which is not amortizable, consistent with the Treasury Regulations under Section 743 of the Internal Revenue Code, even though that position may be inconsistent with Treasury Regulation Section 1.167(c)-1(a)(6). Please read Tax Consequences of Partnership Common Unit Ownership Section 754 Election. To the extent that the Section 743(b) adjustment is attributable to appreciation in value in excess of the unamortized Book-Tax Disparity, the Partnership will apply the rules described in the Treasury Regulations and legislative history. If the Partnership determines that this position cannot reasonably be taken, it may adopt a depreciation and amortization position under which all purchasers acquiring units in the same month would receive depreciation and amortization deductions, whether attributable to a common basis or Section 743(b) adjustment, based upon the same applicable methods and lives as if they had purchased a direct interest in the Partnership's property. If this position is adopted, it may result in lower annual depreciation and amortization deductions than would otherwise be allowable to some unitholders and risk the loss of depreciation and amortization deductions not taken in the year that these deductions are otherwise allowable. This position will not be adopted if the Partnership determines that the loss of depreciation and amortization deductions will have a material adverse effect on the unitholders. If the Partnership chooses not to utilize this aggregate method, it may use any other reasonable depreciation and amortization method to preserve the uniformity of the intrinsic tax characteristics of any units that would not have a material adverse effect on the unitholders. The Partnership's counsel, Andrews Kurth LLP, is unable to opine on the validity of any of these positions. The IRS may challenge any method of depreciating the Section 743(b) adjustment described in this paragraph. If this challenge were sustained, the uniformity of units might be affected, and the gain from the sale of units might be increased without the benefit of additional deductions. The Partnership does not believe these allocations will affect any material items of income, gain, loss or deduction. Please read Disposition of Partnership Common Units Recognition of Gain or Loss.

## **Tax-Exempt Organizations and Other Investors**

Ownership of units by employee benefit plans, other tax-exempt organizations, regulated investment companies, non-resident aliens, foreign corporations, and other foreign persons raises issues unique to those investors and, as described below, may have substantially adverse tax consequences to them.

Employee benefit plans and most other organizations exempt from U.S. federal income tax, including individual retirement accounts and other retirement plans, are subject to U.S. federal income tax on unrelated business taxable income. Virtually all of the Partnership's income allocated to a unitholder that is a tax-exempt organization will be unrelated business taxable income and will be taxable to them.

A regulated investment company or mutual fund is required to derive 90% or more of its gross income from certain permitted sources. The American Jobs Creation Act of 2004 generally treats net income from the ownership of publicly traded partnerships as derived from such a permitted source. The Partnership anticipates that all of its net income will be treated as derived from such a permitted source.

Non-resident aliens and foreign corporations, trusts or estates that own units will be considered to be engaged in business in the United States because of the ownership of units. As a consequence they will be required to file federal tax returns to report their share of the Partnership's income, gain, loss or deduction and pay U.S. federal income tax at regular rates on their share of the Partnership's net income or gain. Moreover, under rules applicable to publicly traded partnerships, the Partnership will withhold tax at the highest applicable effective tax rate from cash distributions made quarterly to foreign unitholders. Each foreign unitholder must obtain a taxpayer identification number from the IRS and submit that number to the Partnership's transfer agent on a Form W-8 BEN or applicable substitute form in order to obtain credit for these withholding taxes. A change in applicable law may require the Partnership to change these procedures.



In addition, because a foreign corporation that owns units will be treated as engaged in a United States trade or business, that corporation may be subject to the United States branch profits tax at a rate of 30%, in addition to regular U.S. federal income tax, on its share of its income and gain, as adjusted for changes in the foreign corporation's U.S. net equity, that is effectively connected with the conduct of a United States trade or business. That tax may be reduced or eliminated by an income tax treaty between the United States and the

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country in which the foreign corporate unitholder is a qualified resident. In addition, this type of unitholder is subject to special information reporting requirements under Section 6038C of the Internal Revenue Code.

Under a ruling published by the IRS, a foreign unitholder who sells or otherwise disposes of a unit will be subject to U.S. federal income tax on gain realized on the sale or disposition of that unit to the extent that this gain is effectively connected with a United States trade or business of the foreign unitholder. Because a foreign unitholder is considered to be engaged in a trade or business in the United States by virtue of the ownership of units, under this ruling, a foreign unitholder who sells or otherwise disposes of a unit generally will be subject to U.S. federal income tax on gain realized on the sale or other disposition of units. Apart from the ruling, a foreign unitholder will not be taxed or subject to withholding upon the sale or disposition of a unit if he has owned less than 5% in value of the units during the five-year period ending on the date of the disposition and if the units are regularly traded on an established securities market at the time of the sale or disposition.

## **Administrative Matters**

*Information Returns and Audit Procedures.* The Partnership intends to furnish to each unitholder, within 90 days after the close of each taxable year, specific tax information, including a Schedule K-1, which describes each unitholder's share of the Partnership's income, gain, loss and deduction for the Partnership's preceding taxable year. In preparing this information, which will not be reviewed by counsel, the Partnership will take various accounting and reporting positions, some of which have been mentioned earlier, to determine each unitholder's share of income, gain, loss and deduction. The Partnership cannot assure you that those positions will in all cases yield a result that conforms to the requirements of the Internal Revenue Code, Treasury Regulations or administrative interpretations of the IRS.

Neither the Partnership nor Andrews Kurth LLP can assure prospective unitholders that the IRS will not successfully contend in court that those positions are impermissible. Any challenge by the IRS could negatively affect the value of the units.

The IRS may audit the Partnership's U.S. federal income tax information returns. Adjustments resulting from an IRS audit may require each unitholder to adjust a prior year's tax liability, and possibly may result in an audit of his own return. Any audit of a unitholder's return could result in adjustments not related to the Partnership's returns as well as those related to its returns.

Partnerships generally are treated as separate entities for purposes of U.S. federal income tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined in a partnership proceeding rather than in separate proceedings with the partners. The Internal Revenue Code requires that one partner be designated as the Tax Matters Partner for these purposes. The Partnership's partnership agreement names the general partner of the Partnership as the Partnership's Tax Matters Partner.

The Tax Matters Partner has made and will make some elections on the Partnership's behalf and on behalf of unitholders. In addition, the Tax Matters Partner can extend the statute of limitations for assessment of tax deficiencies against unitholders for items in the Partnership's returns. The Tax Matters Partner may bind a unitholder with less than a 1% profits interest in the Partnership to a settlement with the IRS unless that unitholder elects, by filing a statement with the IRS, not to give that authority to the Tax Matters Partner. The Tax Matters Partner may seek judicial review, by which all the unitholders are bound, of a final partnership administrative adjustment and, if the Tax Matters Partner fails to seek judicial review, judicial review may be sought by any unitholder having at least a 1% interest in profits or by any group of unitholders having in the aggregate at least a 5% interest in profits. However, only one action for judicial review will go forward, and each unitholder with an interest in the outcome may participate in that action.

A unitholder must file a statement with the IRS identifying the treatment of any item on his U.S. federal income tax return that is not consistent with the treatment of the item on the Partnership's return. Intentional or negligent disregard of this consistency requirement may subject a unitholder to substantial penalties.

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*Nominee Reporting.* Persons who hold an interest in the Partnership as a nominee for another person are required to furnish the following information to it:

- (a) the name, address and taxpayer identification number of the beneficial owner and the nominee;
- (b) a statement regarding whether the beneficial owner is
  - (1) a person that is not a United States person,
  - (2) a foreign government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing, or
  - (3) a tax-exempt entity;
- (c) the amount and description of units held, acquired or transferred for the beneficial owner; and
- (d) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required to furnish additional information, including whether they are United States persons and specific information on units they acquire, hold or transfer for their own account. A penalty of \$50 per failure, up to a maximum of \$100,000 per calendar year, is imposed by the Internal Revenue Code for failure to report that information to the Partnership. The nominee is required to supply the beneficial owner of the units with the information furnished to the Partnership.

*Accuracy-related Penalties.* An additional tax equal to 20% of the amount of any portion of an underpayment of tax that is attributable to one or more specified causes, including negligence or disregard of rules or regulations, substantial understatements of income tax and substantial valuation misstatements, is imposed by the Internal Revenue Code. No penalty will be imposed, however, for any portion of an underpayment if it is shown that there was a reasonable cause for the underpayment of that portion and that the taxpayer acted in good faith regarding the underpayment of that portion.

For individuals, a substantial understatement of income tax in any taxable year exists if the amount of the understatement exceeds the greater of 10% of the tax required to be shown on the return for the taxable year or \$5,000. The amount of any understatement subject to penalty generally is reduced if any portion is attributable to a position adopted on the return:

- (1) for which there is, or was, substantial authority, or
- (2) as to which there is a reasonable basis if the pertinent facts of that position are adequately disclosed on the return.

If any item of income, gain, loss or deduction included in the distributive shares of unitholders might result in that kind of an understatement of income for which no substantial authority exists, the Partnership must disclose the pertinent facts on the Partnership's return. In addition, the Partnership will make a reasonable effort to furnish sufficient information for unitholders to make adequate disclosure on their returns and to take other actions as may be appropriate to permit unitholders to avoid liability for this penalty. More stringent rules apply to tax shelters, which the Partnership does not believe includes it.

A substantial valuation misstatement exists if (i) the value of any property, or the adjusted basis of any property, claimed on a tax return is 150% or more of the amount determined to be the correct amount of the valuation or adjusted basis, (ii) the price for any property or services (or for the use of property) claimed on any such return with respect to any transaction between persons described in Internal Revenue Code Section 482 is 200% or more (or 50% or less) of the amount determined under Section 482 to be the correct amount of such price, or (iii) the net Internal Revenue Code Section 482 transfer price adjustment for the taxable year exceeds the lesser of \$5 million or 10% of the taxpayer's gross receipts.

No penalty is imposed unless the portion of the underpayment attributable to a substantial valuation misstatement exceeds \$5,000 (\$10,000 for most corporations). If the valuation claimed on a return is 200% or

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more than the correct valuation, the penalty imposed increases to 40%. The Partnership does not anticipate making any valuation misstatements.

*Reportable Transactions.* If the Partnership was to engage in a reportable transaction, it (and possibly you and others) would be required to make a detailed disclosure of the transaction to the IRS. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a listed transaction or a transaction of interest or that it produces certain kinds of losses in excess of \$2 million in any single year, or \$4 million in any combination of six successive taxable years. The Partnership's participation in a reportable transaction could increase the likelihood that its U.S. federal income tax information return (and possibly your tax return) would be audited by the IRS. Please read Information Returns and Audit Procedures above.

Moreover, if the Partnership were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, you may be subject to the following provisions of the American Jobs Creation Act of 2004:

accuracy-related penalties with a broader scope, significantly narrower exceptions, and potentially greater amounts than described above at Accuracy-Related Penalties,

for those persons otherwise entitled to deduct interest on federal tax deficiencies, nondeductibility of interest on any resulting tax liability, and

in the case of a listed transaction, an extended statute of limitations.

The Partnership does not expect to engage in any reportable transactions.

*Registration as a Tax Shelter.* The Partnership registered as a tax shelter under the law in effect at the time of the Partnership's initial public offering and was assigned a tax shelter registration number. Issuance of a tax shelter registration number to the Partnership does not indicate that investment in it or the claimed tax benefits have been reviewed, examined or approved by the IRS. The American Jobs Creation Act of 2004 repealed the tax shelter registration rules and replaced them with the reporting regime described above at Reportable Transactions. The term tax shelter has a different meaning for this purpose than under the penalty rules described above at Accuracy-Related Penalties.

## **State, Local, Foreign and Other Tax Considerations**

In addition to U.S. federal income taxes, a unitholder likely will be subject to other taxes, such as state, local and foreign income taxes, unincorporated business taxes, and estate, inheritance or intangible taxes that may be imposed by the various jurisdictions in which, the Partnership does business or owns property or in which a unitholder is a resident. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on his investment in the Partnership. The Partnership currently owns property or does business in a substantial number of states, virtually all of which impose a personal income tax and many impose an income tax on corporations and other entities. The Partnership may also own property or do business in other states in the future. Although a unitholder may not be required to file a return and pay taxes in some states because its income from that state falls below the filing and payment requirement, a unitholder will be required to file income tax returns and to pay income taxes in some or all of the jurisdictions in which the Partnership does business or owns property and may be subject to penalties for failure to comply with those requirements. In some jurisdictions, tax losses may not produce a tax benefit in the year incurred and also may not be available to offset income in subsequent taxable years. Some of the jurisdictions may require the Partnership, or the Partnership may elect, to withhold a percentage of

income from amounts to be distributed to a unitholder who is not a resident of the jurisdiction. Withholding, the amount of which may be greater or less than a particular unitholder's income tax liability to the jurisdiction, generally does not relieve a nonresident unitholder from the obligation to file an income tax return. Amounts withheld will be treated as if distributed to unitholders for purposes of determining the amounts distributed by the Partnership. Please read "Tax Consequences of Partnership Common Unit Ownership" Entity-Level Collections. Based on current law and the Partnership's estimate of future operations, any amounts required to be withheld are not contemplated to be material.

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*It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of his investment in the Partnership. Accordingly, each prospective unitholder is urged to consult, and depend on, his own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local, and foreign as well as United States federal tax returns, that may be required of him. Andrews Kurth LLP has not rendered an opinion on the state, local or foreign tax consequences of an investment in the Partnership.*



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**UNITHOLDER PROPOSALS**

Under applicable Delaware law and Holdings' partnership agreement, Holdings is not required to hold an annual meeting of its unitholders (limited partners). Ownership of Holdings units does not entitle Holdings unitholders to make proposals at the special meeting. Under Holdings' partnership agreement, only its general partner can make a proposal at the meeting. Holdings' partnership agreement establishes a procedure for calling meetings whereby limited partners owning 20% or more of the outstanding units of the class for which a meeting is proposed may call a meeting. In any case, limited partners are not allowed to vote on matters that would cause the limited partners to be deemed to be taking part in the management and control of the business and affairs of the partnership. Doing so would jeopardize the limited partners' limited liability under the Delaware Act or the law of any other state in which Holdings is qualified to do business.

**LEGAL MATTERS**

The validity of Partnership common units to be issued in the merger, certain tax matters relating to those common units and certain tax matters relating to the merger will be passed upon for the Partnership by Andrews Kurth LLP, Houston, Texas. Andrews Kurth LLP has provided legal services to Holdings in the past regarding matters unrelated to the merger. Certain tax matters relating to the merger will be passed upon for Holdings by Vinson & Elkins L.L.P., Houston, Texas. Vinson & Elkins L.L.P. has also provided legal services to the Partnership in the past regarding matters unrelated to the merger.

**EXPERTS**

The consolidated financial statements of Enterprise Products Partners L.P. and subsidiaries incorporated in this proxy statement/prospectus by reference to Enterprise Products Partners L.P.'s Annual Report on Form 10-K for the year ended December 31, 2009 and the effectiveness of Enterprise Products Partners L.P. and subsidiaries' internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference, (which reports (i) express an unqualified opinion on the financial statements and include an explanatory paragraph concerning the retroactive effects of the common control acquisition of TEPPCO Partners, L.P. and Texas Eastern Products Pipeline Company, LLC by Enterprise Products Partners L.P. on October 26, 2009 and the related change in the composition of reportable segments as a result of these acquisitions and (ii) express an unqualified opinion on the effectiveness of internal control over financial reporting). Such consolidated financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated balance sheet of Enterprise Products GP, LLC and subsidiaries as of December 31, 2009, incorporated in this proxy statement/prospectus by reference to Enterprise Products Partners L.P.'s Current Report on Form 8-K filed on March 8, 2010 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated balance sheet has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Enterprise GP Holdings L.P. and subsidiaries, except Energy Transfer Equity, L.P., an investment of Enterprise GP Holdings L.P. which is accounted for by the use of the equity method, incorporated in this proxy statement/prospectus by reference from Enterprise GP Holdings L.P.'s Annual Report on Form 10-K for the year ended December 31, 2009 and the effectiveness of Enterprise GP Holdings L.P. and subsidiaries' internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent

registered public accounting firm, as stated in their reports, which are incorporated herein by reference (which reports (i) express an unqualified opinion on the financial statements, refer to the report of the other auditors as it relates to an equity method investment in Energy Transfer Equity, L.P. and include an explanatory paragraph concerning the retroactive effects of the common control acquisition of TEPPCO Partners, L.P. and Texas Eastern Products Pipeline Company, LLC by Enterprise Products Partners L.P. on October 26, 2009 and the related change in the composition of reportable segments as a result of these

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acquisitions and (ii) express an unqualified opinion on the effectiveness of internal control over financial reporting). The consolidated financial statements of Energy Transfer Equity, L.P. have been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report, which report is incorporated herein by reference from Enterprise GP Holdings L.P.'s Annual Report on Form 10-K for the year ended December 31, 2009. Such consolidated financial statements are incorporated herein by reference, and have been so incorporated in reliance upon the report of Deloitte & Touche LLP, and as it relates to Enterprise GP Holdings L.P.'s investment in Energy Transfer Equity, L.P., the report of Grant Thornton LLP, in each case, given upon their authority as experts in accounting and auditing.

The consolidated balance sheet of EPE Holdings, LLC and subsidiaries as of December 31, 2009, incorporated in this proxy statement/prospectus by reference to Enterprise GP Holdings L.P.'s Current Report on Form 8-K filed on March 8, 2010 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated balance sheet has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

## **WHERE YOU CAN FIND MORE INFORMATION**

The Partnership and Holdings file annual, quarterly and current reports, and other information with the Commission under the Exchange Act of 1934. You may read and copy any document filed with the Commission at its public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the Commission at 1-800-732-0330 for further information regarding the public reference room. The filings are also available to the public at the Commission's website at <http://www.sec.gov>. In addition, documents filed by the Partnership and Holdings can be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

The Commission allows the Partnership and Holdings to incorporate by reference information into this proxy statement/prospectus, which means that the Partnership and Holdings can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this proxy statement/prospectus, except for any information that is superseded by information that is included directly in this proxy statement/prospectus. Any later information filed with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act up until the date of the special meeting shall be deemed to be incorporated by reference into this proxy statement/prospectus and will automatically update and supersede this information. Therefore, before you vote to approve the merger agreement and the merger, you should always check for reports the Partnership and Holdings may have filed with the Commission after the date of this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents listed below that the Partnership and Holdings have previously filed with the Commission, excluding any information in a Form 8-K furnished pursuant to Items 2.02 or 7.01 (unless otherwise indicated), which is not deemed filed under the Exchange Act.

### **The Partnership's Filings (Commission File No. 1-14323)**

Annual Report on Form 10-K for the year ended December 31, 2009;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010;

Current Reports on Form 8-K filed with the Commission on January 4, 2010, January 8, 2010, February 26, 2010, March 8, 2010, March 29, 2010, April 1, 2010, April 15, 2010, May 17, 2010, May 20, 2010, May 21, 2010, June 3, 2010, August 23, 2010, September 7, 2010, September 28, 2010, October 1, 2010 and October 14, 2010; and

The description of the Partnership's common units in the registration statement on Form 8A/A filed on May 15, 2007, and including any other amendments or reports filed for the purpose of updating such description.

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You may request a copy of these filings at no cost by making written or telephone requests for copies to: Enterprise Products Partners L.P., 1100 Louisiana Street, 10th Floor, Houston, Texas 77002; Telephone: (713) 381-6500.

The Partnership also makes available free of charge on its internet website at <http://www.epplp.com> its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the Commission. Information contained on the Partnership's website is not part of this proxy statement/prospectus.

**Holdings Filings (Commission File No. 1-10403)**

Annual Report on Form 10-K for the year ended December 31, 2009;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010; and

Current Reports on Form 8-K filed with the Commission on January 4, 2010, February 26, 2010, March 8, 2010, March 29, 2010, April 1, 2010, May 21, 2010, August 4, 2010 and September 7, 2010.

You may request a copy of these filings at no cost by making written or telephone requests for copies to: Enterprise GP Holdings L.P., 1100 Louisiana Street, 10th Floor 1000, Houston, Texas 77002; Telephone: (713) 381-6500.

Holdings also makes available free of charge on its internet website at <http://www.enterprisegp.com> its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the Commission. Information contained on Holdings' website is not part of this proxy statement/prospectus.

**INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

This proxy/prospectus and some of the documents the Partnership and Holdings have incorporated herein by reference contain various forward-looking statements and information that are based on the beliefs of the Partnership and Holdings and their respective general partners, as well as assumptions made by and information currently available to each of them. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. When used in this proxy/prospectus or the documents incorporated herein by reference, words such as anticipate, project, expect, plan, seek, goal, estimate, forecast, intend, could, show, potential, and similar expressions and statements regarding the Partnership's or Holdings' plans and objectives for future operations, are intended to identify forward-looking statements. Although the Partnership and Holdings and their respective general partners believe that such expectations reflected in such forward-looking statements are reasonable, neither the Partnership, Holdings, nor either of their general partners can give assurances that such expectations will prove to be correct. Such statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, the Partnership's and Holdings' actual results may vary materially from those anticipated, estimated, projected or expected. Among the key risk factors that may have a direct bearing on the Partnership's or Holdings' results of operations and financial condition are:

cash flow growth and accretion;

future distribution increases and growth;

internal growth projects;

future issuances of debt and equity securities; and

other objectives, expectations and intentions and other statements that are not historical facts.

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These statements are based on the current expectations and estimates of the management of the Partnership GP and Holdings GP and their respective general partners; actual results may differ materially due to certain risks and uncertainties. Although the Partnership, Holdings and their respective general partners believe that the expectations reflected in such forward-looking statements are reasonable, they cannot give assurances that such expectations will prove to be correct. For instance, although the Partnership and Holdings have signed a merger agreement, there is no assurance that they will complete the proposed merger. The merger agreement will terminate if Holdings does not receive the necessary approval of its unitholders, and also may be terminated if any conditions to closing are not satisfied or if the merger is not completed by December 31, 2010. Other risks and uncertainties that may affect actual results include:

the failure to realize a lower long-term cost of capital, anticipated cost savings and other benefits of the proposed merger;

declines in volumes transported on the Partnership's pipelines or barges;

reduction in demand for natural gas, various grades of crude oil, refined products, NGLs and petrochemicals and resulting changes in pricing conditions or pipeline throughput requirements;

fluctuations in refinery capacity;

the success of risk management activities;

environmental liabilities or events that are not covered by an indemnity, insurance or existing reserves;

the availability of, and the Partnership's ability to consummate, acquisition or combination opportunities;

the level of capital expenditures the Partnership will make and availability of, and the timing of completion of, organic growth projects;

the Partnership's access to capital to fund additional acquisitions and the Partnership's ability to obtain debt or equity financing on satisfactory terms;

maintenance of the Partnership's credit rating and ability to receive open credit from its suppliers and trade counterparties;

unanticipated changes in crude oil market structure and volatility (or lack thereof);

the impact of current and future laws, rulings and governmental regulations;

the effects of competition;

continued creditworthiness of, and performance by, the combined company's counterparties;

interruptions in service and fluctuations in rates of third party pipelines that affect the combined company's assets;

increased costs or lack of availability of insurance;

fluctuations in crude oil, natural gas, NGL and related hydrocarbon prices and production due to weather and other natural and economic forces;

shortages or cost increases of power supplies, materials or labor;

weather interference with business operations or project construction;

terrorist attacks aimed at the Partnership's facilities;

general economic, market or business conditions; and

other factors and uncertainties discussed in this proxy statement/prospectus and the Partnership's and Holdings' respective filings with the SEC, including their Annual Reports on Form 10-K for the year ended December 31, 2009 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010.

You should not put undue reliance on any forward-looking statements. When considering forward-looking statements, please review carefully the risk factors described under "Risk Factors" in this proxy statement/prospectus and incorporated by reference into this document.



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**ENTERPRISE PRODUCTS PARTNERS L.P.**

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Introduction**

Enterprise Products Partners L.P. (the Partnership, NYSE: EPD), Enterprise GP Holdings L.P. ( Holdings, NYSE: EPE), and their respective general partners have entered into an Agreement and Plan of Merger dated as of September 3, 2010 (the merger agreement ). Pursuant to the merger agreement, all Holdings units (including 13,921 Holdings units to be issued in a transformation of the 0.01% economic general partner interest of Holdings immediately prior to the merger), or 139,208,985 units, will be converted into 208,813,477 common units representing limited partner interests in the Partnership ( Partnership common units ). The merger agreement and related documents also provide for (i) the cancellation of the Partnership s incentive distribution rights held indirectly by Holdings through its ownership of the Partnership s general partner (the Partnership GP ), (ii) the conversion of the Partnership GP s 2% economic interest in the Partnership into a non-economic general partner interest in the Partnership and (iii) the cancellation of 21,563,177 Partnership common units currently owned by Holdings.

The Partnership is a consolidated subsidiary of Holdings. If the proposed merger and merger agreement as described in this proxy statement/prospectus are approved by the unitholders of Holdings and all other conditions set forth in the merger agreement are met, Holdings will become a subsidiary of the Partnership, with the Partnership as the sole limited partner of Holdings and the general partner of Holdings continuing as a non-economic general partner of the Partnership.

For accounting purposes, Holdings is considered the accounting acquiror of the Partnership s noncontrolling interest. The changes in Holdings ownership interest in the Partnership GP will be accounted for as an equity transaction and no gain or loss will be recognized as a result of the proposed merger.

The unaudited pro forma condensed consolidated balance sheet combines the historical balance sheets of the Partnership and Holdings, after giving effect to the proposed merger as if it had occurred on June 30, 2010. The unaudited pro forma condensed consolidated statements of operations for the six months ended June 30, 2010 and the year ended December 31, 2009 give effect to the proposed merger as if it had occurred on January 1, 2009. The historical consolidated financial information has been adjusted to give effect to pro forma events that are directly attributable to the proposed merger and are factually supportable.

These unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical audited consolidated financial information and accompanying notes of Holdings and the Partnership, which have been incorporated by reference into this proxy statement/prospectus.

The unaudited pro forma condensed consolidated financial statements are intended for informational purposes only and do not reflect any cost savings or other synergies that may be achieved as a result of the proposed merger and are based on assumptions that the Partnership and Holdings believe are reasonable under the circumstances. These statements do not necessarily reflect the results of operations or financial position of the Partnership that would have resulted had the proposed merger actually been consummated as of the dates indicated, and are not necessarily indicative of the future results of operations or the future financial position of the Partnership following completion of the proposed merger.

Table of Contents**ENTERPRISE PRODUCTS PARTNERS L.P.****UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**

June 30, 2010

	<b>Enterprise GP Holdings L.P. Historical</b>	<b>Pro Forma Adjustments (Amounts in millions)</b>	<b>Enterprise Products Partners L.P. Pro Forma</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 496.5	\$ (24.0)(a) (22.3)(b)	\$ 450.2
Restricted cash	19.1		19.1
Accounts and notes receivable, net	2,943.3		2,943.3
Inventories	1,025.5		1,025.5
Other current assets	425.0		425.0
Total current assets	4,909.4	(46.3)	4,863.1
<b>Property, plant and equipment, net</b>	18,332.0		18,332.0
<b>Investments in unconsolidated affiliates</b>	2,360.9		2,360.9
<b>Intangible assets, net</b>	1,896.1		1,896.1
<b>Goodwill</b>	2,050.6		2,050.6
<b>Other assets</b>	237.8	(0.4)(b)	237.4
Total assets	\$ 29,786.8	\$ (46.7)	\$ 29,740.1
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Current maturities of debt	\$ 255.0	\$	\$ 255.0
Accounts payable	595.3		595.3
Accrued product payables	3,120.9		3,120.9
Other current liabilities	722.1	(21.6)(b)	700.5
Total current liabilities	4,693.3	(21.6)	4,671.7
<b>Long-term debt</b>	13,511.3		13,511.3
<b>Other long-term liabilities</b>	281.3	(1.1)(b)	280.2
<b>Commitments and contingencies</b>			
<b>Equity:</b>			
Partners equity	1,909.2	(24.0)(a) 8,862.7(c)	10,747.9
Noncontrolling interest	9,391.7	(8,862.7)(c)	529.0

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Total equity	11,300.9	(24.0)	11,276.9
Total liabilities & equity	\$ 29,786.8	\$ (46.7)	\$ 29,740.1

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

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Table of Contents**ENTERPRISE PRODUCTS PARTNERS L.P.****UNAUDITED PRO FORMA CONDENSED STATEMENT OF CONSOLIDATED OPERATIONS  
For the Six Months Ended June 30, 2010**

	<b>Enterprise GP Holdings L.P. Historical (Amounts in millions, except per unit amounts)</b>	<b>Pro Forma Adjustments</b>	<b>Enterprise Products Partners L.P. Pro Forma</b>
<b>Revenues</b>	\$ 16,087.9	\$	\$ 16,087.9
<b>Costs and expenses:</b>			
Operating costs and expenses	14,946.1		14,946.1
General and administrative costs	80.8		80.8
Total costs and expenses	15,026.9		15,026.9
<b>Equity in income of unconsolidated affiliates</b>	37.6		37.6
<b>Operating income</b>	1,098.6		1,098.6
<b>Other income (expense):</b>			
Interest expense	(337.1)		(337.1)
Other, net	0.5		0.5
Total other expense, net	(336.6)		(336.6)
<b>Income before provision for income taxes</b>	762.0		762.0
Provision for income taxes	(15.2)		(15.2)
<b>Income from continuing operations</b>	\$ 746.8	\$	\$ 746.8
<b>Allocation of income from continuing operations:</b>			
Limited partners	\$ 124.0	\$ 590.7(d)	\$ 714.7
Noncontrolling interests	\$ 622.8	(590.7)(d)	\$ 32.1
<b>Basic earnings per unit:</b>			
Weighted-average number of units outstanding (see Note e)	139.2		787.0
Income per unit from continuing operations	\$ 0.89		\$ 0.91
<b>Diluted earnings per unit:</b>			
Weighted-average number of units outstanding (see Note f)	139.2		818.5

Income per unit from continuing operations	\$	0.89	\$	0.87
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The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

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Table of Contents**ENTERPRISE PRODUCTS PARTNERS L.P.****UNAUDITED PRO FORMA CONDENSED STATEMENT OF CONSOLIDATED OPERATIONS****For the Year Ended December 31, 2009**

	<b>Enterprise GP Holdings L.P. Historical (Amounts in millions, except per unit amounts)</b>	<b>Pro Forma Adjustments</b>	<b>Enterprise Products Partners L.P. Pro Forma</b>
<b>Revenues</b>	\$ 25,510.9	\$	\$ 25,510.9
<b>Costs and expenses:</b>			
Operating costs and expenses	23,565.8		23,565.8
General and administrative costs	182.8		182.8
Total costs and expenses	23,748.6		23,748.6
<b>Equity in income of unconsolidated affiliates</b>	92.3		92.3
<b>Operating income</b>	1,854.6		1,854.6
<b>Other income (expense):</b>			
Interest expense	(687.3)		(687.3)
Other, net	(1.7)		(1.7)
Total other expense, net	(689.0)		(689.0)
<b>Income before provision for income taxes</b>	1,165.6		1,165.6
Provision for income taxes	(25.3)		(25.3)
<b>Income from continuing operations</b>	\$ 1,140.3	\$	\$ 1,140.3
<b>Allocation of income from continuing operations:</b>			
Limited partners	\$ 204.1	\$ 825.5(d)	\$ 1,029.6
Noncontrolling interests	\$ 936.2	(825.5)(d)	\$ 110.7
<b>Basic earnings per unit:</b>			
Weighted-average number of units outstanding (see Note e)	137.8		643.4
Income per unit from continuing operations	\$ 1.48		\$ 1.60
<b>Diluted earnings per unit:</b>			
Weighted-average number of units outstanding (see Note f)	137.8		675.0

Income per unit from continuing operations	\$	1.48	\$	1.53
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The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

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**ENTERPRISE PRODUCTS PARTNERS L.P.**

**NOTES TO UNAUDITED PRO FORMA CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

These unaudited pro forma condensed consolidated financial statements and underlying pro forma adjustments are based upon currently available information and certain estimates and assumptions made by the management of Holdings GP and the Partnership GP; therefore, actual results could materially differ from the pro forma information. However, Holdings and the Partnership believe that the assumptions provide a reasonable basis for presenting the significant effects of the transactions noted herein. We believe that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the pro forma information.

As described in the section titled "The Merger - Accounting Treatment" on page 61 of this proxy statement/prospectus, the merger results in Holdings being considered the surviving consolidated entity for accounting purposes rather than the Partnership, which is the surviving consolidated entity for legal and reporting purposes. As a result, the proposed merger would be accounted for in Holdings' consolidated financial statements as an equity transaction in accordance with Financial Accounting Standards Board Accounting Standards Codification 810-10-45, Consolidation - Overall Changes in Parent's Ownership Interest in a Subsidiary. As a result, noncontrolling owners' interest would be eliminated and replaced with an equal amount of owners' equity on the balance sheet. Consequently, no fair value adjustment would be made to the assets or liabilities of Holdings and no gain or loss would be recognized in Holdings' net income. In addition, costs incurred to complete the proposed merger will be charged to partners' capital during the year ended December 31, 2010. Because the Partnership is the surviving entity for legal purposes, the pro forma condensed consolidated balance sheet and statements of operations are entitled "Enterprise Products Partners L.P. Pro Forma."

We present the pro forma statements of operations for the year ended December 31, 2009 and the six months ended June 30, 2010. Due to the limited number of pro forma adjustments required, the Partnership's pro forma net income for the years ended December 31, 2007 and 2008 would not have been different than the historical net income amounts reported by Holdings for such fiscal years.

**Pro Forma Adjustments**

The following pro forma adjustments made to the historical financial statements of the Partnership and Holdings presented herein are described as follows:

(a) To reflect the payment of \$24.0 million of estimated incremental transaction costs associated with completing the proposed merger including the payment of financial advisory fees, legal and accounting fees and other professional fees and expenses using cash on hand. For purposes of this pro forma presentation, this material non-recurring charge has been reflected in the pro forma balance sheet only; however, such fees will also be recognized as expenses in the Partnership's statement of operations during the periods in which the underlying services are rendered.

(b) To reflect the assumed termination of Holdings' interest rate swaps in connection with the refinancing of Holdings' long-term debt by the Partnership concurrent with the proposed merger. These derivative instruments were in a \$22.3 million liability position at June 30, 2010 and were settled with cash on hand. This material nonrecurring charge is reflected in the pro forma balance sheet only. At June 30, 2010, the principal amount of Holdings' debt obligations consisted of the following (amounts in millions):

EPE Revolver, variable rate, due August 2012	\$ 136.8
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Term Loan A, variable rate, due August 2012	125.0
Term Loan B, variable rate, due November 2014	833.0
Total principal amount outstanding	\$ 1,094.8

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**Table of Contents****ENTERPRISE PRODUCTS PARTNERS L.P.****NOTES TO UNAUDITED PRO FORMA CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

For purposes of the pro forma balance sheet presentation, we have assumed that the same amount of principal is refinanced by the Partnership. Partnership GP management is continuing to explore its alternatives as to how this principal amount will be refinanced. Such alternatives may include refinancing with debt, additional equity or a combination of the two by the Partnership.

For purposes of the pro forma statements of operations, we have assumed that the Partnership refinances Holdings debt at the same terms that Holdings entered into its debt originally. As a result, the pro forma statements of operations do not reflect any adjustments to interest expense for the years ended December 31, 2009 or the six months ended June 30, 2010. As an aid to the reader, the following table presents the amount of interest expense, excluding amortization of debt issuance costs and the effect of interest rate swaps, that was recognized by Holdings in connection with its debt agreements for the periods presented along with the associated weighted average interest rate charged and principal balance outstanding during each period. The interest expense amounts presented in the following table are a component of consolidated interest expense as presented in Holdings' historical financial statements.

	<b>Interest Expense</b>	<b>Weighted Average Interest Rate for Period</b>	<b>Weighted Average Principal Outstanding for Period</b>
Year ended December 31, 2009	\$ 29.1	2.7%	\$ 1,078.9
Six months ended June 30, 2010	\$ 12.2	2.2%	\$ 1,097.8

If the weighted average variable interest rates charged during the year ended December 31, 2009 and the six months ended June 30, 2010 were 1/8% higher than the historical weighted average rates presented in the preceding table, Holdings' interest expense would have increased by approximately \$1.4 million and \$0.6 million, respectively.

At October 13, 2010, the total principal amount of Holdings' long-term debt principal outstanding was approximately \$1.1 billion and the weighted average interest rate charged on such debt was 2.2%.

(c) To reclassify to partners' capital the noncontrolling owners' interests in consolidated subsidiaries previously reported by Holdings related to the Partnership's public limited partner unitholders other than Holdings.

(d) To reclassify to limited partners' interest the net income previously allocated to noncontrolling owners' interest in consolidated subsidiaries previously reported by Holdings related to the Partnership's public limited partner unitholders.

(e) The Partnership's pro forma weighted-average basic number of units outstanding was calculated as follows:

<b>Six Months Ended</b>	<b>Year Ended</b>
-----------------------------	-------------------

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Weighted-average basic number of Partnership units outstanding as reported	625.9	486.8
Weighted-average Partnership units issued in exchange for Holdings units(1)	182.7	178.2
Cancellation of Partnership units currently owned by Holdings	(21.6)	(21.6)
Pro forma weighted average basic number of Partnership units outstanding	787.0	643.4

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**Table of Contents****ENTERPRISE PRODUCTS PARTNERS L.P.****NOTES TO UNAUDITED PRO FORMA CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

- (1) The amount presented for the six months ended June 30, 2010 excludes 26.1 million Partnership common units (the Designated Units, as discussed below) issued to certain privately held affiliates of Enterprise Products Company. The amount presented for the year ended December 31, 2009 excludes 30.6 million Designated Units.

In connection with the proposed merger, certain privately held affiliates of Enterprise Products Company have agreed to temporarily waive the cash distributions they would otherwise receive on 30,610,000 of the Partnership common units (the Designated Units ) they would receive upon completion of the merger. The temporary distribution waiver would lapse on a fixed number of Designated Units as follows (assuming a December 31, 2010 completion date of the proposed merger): none in calendar year 2011, 4,480,000 Partnership common units in calendar year 2012, 2,430,000 Partnership common units in calendar year 2013, 1,140,000 Partnership common units in calendar year 2014, 4,870,000 Partnership common units in calendar year 2015 and the remaining 17,690,000 units in calendar year 2016.

From a financial accounting perspective, the Designated Units are excluded from basic earnings per unit until they become eligible to receive quarterly cash distributions. The Designated Units will not be allocated any book earnings until the applicable waiver periods expire for each tranche of units. For purposes of this pro forma presentation, all of the 30,610,000 Designated Units were excluded from the Partnership's pro forma basic earnings per unit computation for the year ended December 31, 2009 and 26,130,000 Designated Units were excluded from the pro forma basic earnings per unit computation for the six months ended June 30, 2010. The full amount of Designated Units, or 30,610,000 units, are reflected in the pro forma diluted earnings per unit calculation for both the year ended December 31, 2009 and six months ended June 30, 2010 (see Note f).

- (f) The Partnership's pro forma weighted-average diluted number of units outstanding was calculated as follows:

	<b>Six Months Ended June 30, 2010</b>	<b>Year Ended December 31, 2009</b>
Weighted-average diluted number of Partnership units outstanding as reported	631.3	487.8
Weighted-average Partnership units issued in exchange for Holdings units	208.8	208.8
Cancellation of Partnership units currently owned by Holdings	(21.6)	(21.6)
Pro forma weighted average diluted number of Partnership units outstanding	818.5	675.0

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**AGREEMENT AND PLAN OF MERGER  
by and among**

**ENTERPRISE PRODUCTS PARTNERS L.P.  
ENTERPRISE PRODUCTS GP, LLC  
ENTERPRISE ETE LLC  
and  
ENTERPRISE GP HOLDINGS L.P.  
and  
EPE HOLDINGS, LLC  
Dated as of September 3, 2010**

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**AGREEMENT AND PLAN OF MERGER**

This AGREEMENT AND PLAN OF MERGER, dated as of September 3, 2010 (this Agreement ), is entered into by and among Enterprise Products Partners L.P., a Delaware limited partnership ( Partners ), Enterprise Products GP, LLC, a Delaware limited liability company and the general partner of Partners ( Partners GP ), Enterprise ETE LLC, a Delaware limited liability company and a wholly-owned subsidiary of Partners ( MergerCo ), Enterprise GP Holdings L.P., a Delaware limited partnership ( Holdings ), and EPE Holdings, LLC, a Delaware limited liability company and the general partner of Holdings ( Holdings GP ).

**WITNESSETH:**

WHEREAS, the Holdings Audit Committee (as defined herein), and the Partners GP Board (as defined herein) have determined that the business combination provided for herein pursuant to which Holdings will, subject to the terms and conditions set forth herein, merge with and into MergerCo, with MergerCo as the surviving entity (the Merger ), such that following the Merger, Holdings GP will be the sole general partner of Partners (Holdings GP in its capacity as the resulting sole general partner of Partners, the New Partners GP ), and Partners will continue as the sole member of MergerCo is fair and reasonable to Holdings and its limited partners, and Partners and its limited partners, respectively;

WHEREAS, as a condition and inducement to Partners, Partners GP, and MergerCo entering into this Agreement, concurrently with the execution and delivery of this Agreement, EPCO Holdings, Inc. ( EPCO Holdings ), Duncan Family Interests, Inc. ( DFI ), DFI GP Holdings, L.P. ( DFIGPH ) and DD Securities LLC ( DD Securities, and together with EPCO Holdings, DFI and DFIGPH, the Holdings Supporting Unitholders ), which collectively own of record approximately 76% of the outstanding Units (as defined herein), are entering into the Support Agreement (as defined herein), pursuant to which, among other things, (A) the Holdings Supporting Unitholders have agreed, subject to the terms and conditions set forth therein, to vote all of their Units in favor of the Merger Agreement and (B) EPCO Holdings and DFI have agreed, subject to the terms and conditions set forth therein, to execute and deliver the Distribution Waiver Agreement (as defined herein) immediately prior to the closing of the Merger; and

WHEREAS, immediately prior to the Effective Time (as defined herein) of the Merger, Partners GP (a wholly owned subsidiary of Holdings) will merge with and into Holdings, with Holdings as the surviving entity (the Partners GP Merger ), pursuant to an Agreement and Plan of Merger dated as of the date of this Agreement (the Partners GP Merger Agreement ); and

WHEREAS, the parties hereto desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe various conditions to the Merger;

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants, agreements and conditions contained herein, the parties hereto agree as follows:

**ARTICLE I**

**CERTAIN DEFINITIONS**

Section 1.1 *Certain Definitions.* As used in this Agreement, the following terms shall have the meanings set forth below:

Acquisition Proposal means any proposal or offer from or by any Person other than Partners, Partners GP, and MergerCo relating to: (a) any direct or indirect acquisition of (i) more than 20% of the assets of Holdings and its

Subsidiaries, taken as a whole, (ii) more than 20% of the outstanding equity securities of Holdings or (iii) a business or businesses that constitute more than 20% of the cash flow, net revenues, net income or assets of Holdings and its Subsidiaries, taken as a whole; (b) any tender offer or exchange offer, as defined under the Exchange Act, that, if consummated, would result in any Person beneficially owning more than 20% of the outstanding equity securities of Holdings; or (c) any merger, consolidation,

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business combination, recapitalization, liquidation, dissolution or similar transaction involving Holdings, other than the Merger and the Partners GP Merger.

Action shall have the meaning set forth in Section 6.12(a).

Additional Limited Partner has the meaning given such term in the Partners Existing Partnership Agreement and the Partners Amended and Restated Partnership Agreement.

Affiliate has the meaning set forth in Rule 405 of the Securities Act, unless otherwise expressly stated herein.

Agreement shall have the meaning set forth in the introductory paragraph to this Agreement.

Average Closing Price means, as of any date, the average of the closing sale price of a Common Unit as reported on the NYSE Composite Transactions Reporting System for the 10 consecutive NYSE full trading days (in which such Common Units are traded on the NYSE) ending at the close of trading on the NYSE full trading day immediately preceding such date.

Book-Entry Units shall have the meaning set forth in Section 3.2.

Business Day shall mean any day which is not a Saturday, Sunday or other day on which banks are authorized or required to be closed in the City of New York, New York.

Certificate shall have the meaning set forth in Section 3.2.

Certificate of Merger shall have the meaning set forth in Section 2.1(b).

Change in U.S. Federal Income Tax Law shall mean the enactment or promulgation of, or any change in or amendment to, the U.S. Internal Revenue Code of 1986, as amended, the U.S. Treasury regulations thereunder, administrative pronouncements of the Internal Revenue Service, or judicial interpretations of the foregoing that occurs on or after the date hereof; *provided* that the term Change in U.S. Federal Income Tax Law shall not include a change in the rate of taxation generally applicable to income or gain (as opposed to, for example, a change in the treatment of an item of gross income as ordinary income or capital gain for U.S. federal income tax purposes).

Claim shall have the meaning set forth in Section 6.12(a).

Class B Units shall mean the units representing limited partner interests in Partners having the rights and obligations specified with respect to Class B Units in the Partners Existing Partnership Agreement.

Closing shall have the meaning set forth in Section 2.2.

Closing Date shall have the meaning set forth in Section 2.2.

Code shall mean the Internal Revenue Code of 1986, as amended.

Common Units or Partners Common Units shall mean the common units representing limited partner interests in Partners having the rights and obligations specified with respect to Common Units in the Partners Existing Partnership Agreement and the Partners Amended and Restated Partnership Agreement.

Compensation and Benefit Plan shall mean all material bonus, vacation, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee unit ownership, unit bonus, unit purchase, restricted unit and unit option plans, all employment or severance contracts, all medical, dental, disability, health and life insurance plans, all other employee benefit and fringe benefit plans, contracts or arrangements and any applicable change of control or similar provisions in any plan, contract or arrangement maintained or contributed to for the benefit of officers, former officers, employees, former employees, directors, former directors, or the beneficiaries of any of the foregoing, including all employee benefit plans as defined in ERISA Section 3(3).

Confidentiality Agreement shall mean a confidentiality agreement of the nature generally used in circumstances similar to those contemplated in Section 6.6 hereof, as determined by Holdings in its reasonable business judgment; *provided, however*, that such Confidentiality Agreement shall (a) have a term of not less

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than one year, (b) provide that all non-public information pertaining to Partners be protected as confidential information thereunder, subject to customary exceptions, (c) contain a provision relating to a standstill with respect to the Partners Common Units that is no less favorable to Partners than the form of standstill provision contained in Annex E hereto and (d) provide that Partners is a third-party beneficiary with respect to any breach thereof other than breaches relating to standstill provisions solely involving Holdings or solely involving Units or information relating solely to Holdings and its Subsidiaries; *provided further*, that Holdings may amend or waive the terms of such Confidentiality Agreement in its discretion, except that Partners shall have the right to approve or consent to any amendment or waiver (i) of the one-year term of the Confidentiality Agreement, (ii) that would have the effect of causing any non-public information pertaining to Partners that is protected as confidential information under the Confidentiality Agreement not to be protected as confidential information under the Confidentiality Agreement, (iii) of the provision described in (c) above or (iv) of Partners' ability to enforce its rights as a third-party beneficiary to such Confidentiality Agreement.

CUARs has the meaning set forth in Section 3.5.

DD Securities shall have the meaning set forth in the recitals to this Agreement.

DEP Credit Agreements means (i) the Revolving Credit Agreement, dated January 5, 2007, among Duncan Energy Partners L.P., the Lenders Party Thereto and Wachovia Bank, National Association, as Administrative Agent, as amended by the First Amendment to Revolving Credit Agreement, dated June 30, 2007, among Duncan Energy Partners L.P., the Lenders Party Thereto and Wachovia Bank, National Association, as in effect on the date of this Agreement and (ii) the Term Loan Agreement, dated April 18, 2008, among Duncan Energy Partners L.P., the Lenders Party Thereto and Wachovia Bank, National Association, as Administrative Agent, as amended to the First Amendment to Term Loan Agreement, dated July 11, 2008, among Duncan Energy Partners L.P., the Lenders Party Thereto and Wachovia Bank, National Association, as in effect on the date of this Agreement.

DFI shall have the meaning set forth in the recitals to this Agreement.

DFIGPH shall have the meaning set forth in the recitals to this Agreement.

Disclosure Schedule shall have the meaning set forth in Section 5.1.

Distribution Waiver Agreement means the Distribution Waiver Agreement by and among Partners, EPCO Holdings and the EPD Unitholder named therein, substantially in the form attached hereto as Annex D.

DLLCA shall mean the Delaware Limited Liability Company Act, 6 Del.C. §18-101 et seq.

DRULPA shall mean the Delaware Revised Uniform Limited Partnership Act, 6 Del.C. §17-101 et seq.

Effective Time shall have the meaning set forth in Section 2.1(b).

Energy Transfer Equity means Energy Transfer Equity, L.P., a Delaware limited partnership.

EPCO Holdings shall have the meaning set forth in the recitals to this Agreement.

EPO Credit Agreement means the Amended and Restated Revolving Credit Agreement, dated as of November 19, 2007, among Enterprise Products Operating LLC, the financial institutions party thereto as lenders, Wachovia Bank, National Association, as Administrative Agent, Issuing Bank and Swingline Lender, Citibank, N.A. and JPMorgan Chase Bank, as Co-Syndication Agents, and SunTrust Bank, Mizuho Corporate Bank, Ltd. and The Bank of Nova

Scotia, as Co-Documentation Agents, as in effect on the date of this Agreement.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended.

ETE Partnership Agreement means the Third Amended and Restated Agreement of Limited Partnership of Energy Transfer Equity, L.P., dated February 8, 2006, as amended by Amendment No. 1 dated November 1, 2006, Amendment No. 2 dated November 9, 2007, and as may be amended after the date hereof.

ETE SEC Documents shall have the meaning set forth in Section 5.2(c)(iv)(A).

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ETE Units means common units representing limited partner interests of Energy Transfer Equity having the rights and obligations specified with respect to Common Units in the ETE Partnership Agreement.

Exchange Act shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

Exchange Agent shall mean BNY Mellon Shareowners Services or any other entity as may be selected by Partners subject to the reasonable approval of Holdings.

Exchange Fund shall have the meaning set forth in Section 3.3(a).

Exchange Ratio shall have the meaning set forth in Section 3.1(c).

Expenses shall have the meaning set forth in Section 9.1(e).

Fourth Amendment means Amendment No. 4 to the First Amended and Restated Agreement of Limited Partnership of Holdings, substantially in the form attached as Annex A, to be executed and delivered in accordance with Section 6.18.

Governmental Authority means any national, state, local, county, parish or municipal government, domestic or foreign, any agency, board, bureau, commission, court, tribunal, subdivision, department or other governmental or regulatory authority or instrumentality, or any arbitrator in any case that has jurisdiction over Holdings or Partners, as the case may be, or any of their respective Subsidiaries or any of their or their respective Subsidiaries properties or assets.

Holdings shall have the meaning set forth in the introductory paragraph to this Agreement.

Holdings Audit Committee shall mean the Audit, Conflicts and Governance Committee of the Holdings GP Board.

Holdings Certificate of Limited Partnership means the certificate of limited partnership of Holdings as filed with the Secretary of State of the State of Delaware on April 18, 2005.

Holdings Change in Recommendation shall have the meaning set forth in Section 6.6(c).

Holdings Credit Agreement means the Third Amended and Restated Credit Agreement, dated August 24, 2007, among Holdings, the Lenders Party Thereto, Citicorp North America,

Inc., as Administrative Agent, and Citibank, N.A., as Issuing Bank, as amended by the First Amendment to Third Amended and Restated Credit Agreement, dated November 8, 2007, among Holdings, the Term Loan B Lenders Party Thereto, Citicorp North America, Inc., as Administrative Agent, and Citigroup Global Markets, Inc. and Lehman Brothers Inc. as Co-Arrangers and Joint Bookrunners, as in effect on the date of this Agreement.

Holdings Disclosure Schedule shall mean the Disclosure Schedule delivered by Holdings pursuant to Section 5.1.

Holdings GP has the meaning set forth in the introductory paragraph to this Agreement.

Holdings GP Amended and Restated LLC Agreement shall mean the Fourth Amended and Restated Limited Liability Company Agreement of Holdings GP, substantially in the form attached hereto as Annex B.

Holdings GP Board means the Board of Directors of Holdings GP.



Holdings GP Certificate of Formation means the certificate of formation of Holdings GP as filed with the Secretary of State of the State of Delaware on April 19, 2005.

Holdings GP LLC Agreement means the Third Amended and Restated Limited Liability Company Agreement of Holdings GP, dated as of November 7, 2005, as amended from time to time.

Holdings Material Contracts shall have the meaning set forth in Section 5.2(k)(i).

Holdings Meeting shall have the meaning set forth in Section 5.2(d).

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Holdings Merger Transactions has the meaning set forth in Section 5.2(d)(iii).

Holdings Parties means Holdings GP and Holdings.

Holdings Partnership Agreement shall mean the First Amended and Restated Agreement of Limited Partnership of Holdings, dated as of August 29, 2005, as amended by Amendment No. 1 dated May 7, 2007, Amendment dated December 27, 2007, and Amendment No. 3 dated November 6, 2008, as will be further amended by the Fourth Amendment in accordance with Section 6.18 of this Agreement immediately prior to the Effective Time, and as may be further amended from time to time.

Holdings Recommendation shall have the meaning set forth in Section 6.2.

Holdings Supporting Unitholders shall have the meaning set forth in the recitals to this Agreement.

Holdings UAR has the meaning set forth in Section 3.5.

Holdings Unaffiliated Unitholders means the Holdings Unitholders other than Holdings Unitholders controlling, controlled by or under common control with Holdings GP.

Holdings Unit Plan means the Enterprise Products Company 2005 EPE Holdings Long-Term Incentive Plan, as amended and restated as of February 23, 2010 and further amended from time to time.

Holdings Unitholder Approval shall have the meaning set forth in Section 7.1.

Holdings Unitholders means the holders of outstanding Units.

Indebtedness of any Person means (a) indebtedness created, issued or incurred by such Person for borrowed money (whether by loan or the issuance and sale of debt securities or the sale of property of such Person to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such property of such Person), (b) obligations of such Person to pay the deferred purchase or acquisition price for any property of such Person, (c) any indebtedness of others secured by a Lien on any property of such Person, whether or not the respective indebtedness so secured has been assumed by it, (d) obligations of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for account of such Person, (e) obligations of such Person in respect of surety bonds or similar instruments, (f) the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) any property of such Person to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under U.S. generally accepted accounting principles, and (g) indebtedness of others as described in clauses (a) through (f) above in any manner guaranteed by such Person or for which it is or may become contingently liable; *provided*, that Indebtedness shall not include accounts payable to trade creditors, or accrued expenses arising in the ordinary course of business consistent with past practice, in each case, that are not yet due and payable, or are being disputed in good faith, and the endorsement of negotiable instruments for collection in the ordinary course of business.

Indemnification Expenses shall have the meaning set forth in Section 6.12(a).

Indemnified Parties shall have the meaning set forth in Section 6.12(a).

Indemnitees shall have the meaning set forth in the Holdings Partnership Agreement.

Knowledge shall mean, with respect to any party, the actual knowledge of the directors or officers of such party.

Law shall mean any law, rule, regulation, directive, ordinance, code, governmental determination, guideline, judgment, order, treaty, convention, governmental certification requirement or other legally enforceable requirement, U.S. or non-U.S., of any Governmental Authority.

LE GP LLC Agreement means the Amended and Restated Limited Liability Company Agreement of LE GP, LLC, a Delaware limited liability company, as amended by Amendment No. 1 dated May 7, 2007, and as such limited liability company agreement may be amended after the date hereof.

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**Lien** shall mean any mortgage, lien, charge, restriction (including restrictions on transfer), pledge, security interest, option, right of first offer or refusal, preemptive right, put or call option, lease or sublease, claim, right of any third party, covenant, right of way, easement, encroachment or encumbrance.

**Material Adverse Effect** shall mean, with respect to either Holdings or Partners, any effect that (x) is or could reasonably be expected to be material and adverse to the financial position, results of operations, business, assets or prospects of Holdings and its Subsidiaries taken as a whole, or Partners and its Subsidiaries taken as a whole, respectively, or (y) materially impairs or could reasonably be expected to materially impair the ability of Holdings or Partners, respectively, to perform its obligations under this Agreement or otherwise materially threaten or materially impede the consummation of the Merger and the other transactions contemplated by this Agreement; *provided, however,* that Material Adverse Effect shall not be deemed to include any of the following or the impact thereof: (a) circumstances affecting the petroleum product transportation, terminalling, storage and distribution industry generally (including the price of petroleum products and the costs associated with the transportation, terminalling, storage and distribution thereof), or in any region in which Partners operates, (b) any general market, economic, financial or political conditions, or outbreak or hostilities or war, in the United States of America or elsewhere, (c) changes in Law, (d) earthquakes, hurricanes, floods, or other natural disasters, (e) any failure of Partners to meet any internal or external projections, forecasts or estimates of revenue or earnings for any period, (f) changes in the market price or trading volume of Units or Common Units (but not any effect underlying any decrease that would otherwise constitute a Material Adverse Effect), or (g) the announcement or pendency of this Agreement or the matters contemplated thereby or the compliance by either party with the provisions of this Agreement; *provided,* that, in the case of clause (a), (b), (c) or (d), the impact on Holdings or Partners is not disproportionately adverse as compared to others in the industry referred to in clause (a) of this definition generally.

**Merger** shall have the meaning set forth in the recitals to this Agreement.

**Merger Consideration** shall have the meaning set forth in Section 3.1(c).

**MergerCo** shall have the meaning set forth in the introductory paragraph to this Agreement.

**New Common Unit Issuance** shall mean the issuance of Common Units as part of the Merger Consideration pursuant to this Agreement.

**New Common Units** shall have the meaning set forth in Section 3.1(c).

**New Partners GP** shall have the meaning set forth in the recitals of this Agreement.

**Notice of Proposed Recommendation Change** shall have the meaning set forth in Section 6.6(c).

**NYSE** shall mean the New York Stock Exchange.

**Other Parties** means, with respect to the Holdings Parties, the Partners Parties, and with respect to the Partners Parties, the Holdings Parties.

**Partners** shall have the meaning set forth in the introductory paragraph to this Agreement.

**Partners Acquisition Proposal** means any proposal or offer from or by any Person other than Holdings and its Subsidiaries relating to: (a) any direct or indirect acquisition of (i) more than 50% of the assets of Partners and its Subsidiaries, taken as a whole, (ii) more than 50% of the outstanding equity securities of Partners or (iii) a business or businesses that constitute more than 50% of the cash flow, net revenues, net income or assets of Partners and its

Subsidiaries, taken as a whole; (b) any tender offer or exchange offer, as defined pursuant to the Exchange Act, that, if consummated, would result in any Person beneficially owning more than 50% of the outstanding equity securities of Partners; or (c) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving Partners other than the Merger and the Partners GP Merger.

Partners Amended and Restated Partnership Agreement shall mean the Sixth Amended and Restated Agreement of Limited Partnership of Partners, substantially in the form attached hereto as Annex C.

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Partners Audit Committee shall mean the Audit, Conflicts and Governance Committee of the Board of Directors of Partners GP.

Partners Certificate of Limited Partnership means the certificate of limited partnership of Partners as filed with the Secretary of State of the State of Delaware on April 9, 1998.

Partners Disclosure Schedule shall mean the Disclosure Schedule delivered by Partners pursuant to Section 5.1.

Partners Existing Partnership Agreement means the Fifth Amended and Restated Agreement of Limited Partnership of Partners, dated August 8, 2005, as amended by Amendment No. 1 dated as of December 27, 2007, Amendment No. 2 dated April 14, 2008, Amendment No. 3 dated November 6, 2008, Amendment No. 4 dated October 26, 2009, and as may be further amended from time to time.

Partners General Partner Interest shall mean the General Partner Interest as defined in the Partners Existing Partnership Agreement.

Partners GP shall have the meaning set forth in the introductory paragraph to this Agreement.

Partners GP Board shall mean the Board of Directors of Partners GP.

Partners GP Certificate of Formation means the certificate of formation of Partners GP as filed with the Secretary of State of the State of Delaware on April 9, 1998.

Partners GP LLC Agreement means the Fifth Amended and Restated Limited Liability Company Agreement of Partners GP, dated as of November 7, 2007, as amended by the First Amendment dated November 6, 2008, and as may be further amended from time to time.

Partners GP Merger has the meaning set forth in the recitals to this Agreement.

Partners GP Merger Agreement has the meaning set forth in the recitals to this Agreement.

Partners Incentive Distribution Rights means the rights to Incentive Distributions as defined in the Partners Existing Partnership Agreement.

Partners Merger Transactions shall have the meaning set forth in Section 5.2(d)(ii).

Partners Non-Public Information shall have the meaning set forth in Section 6.6(b).

Partners Parties means Partners GP, Partners and MergerCo.

Partners Unaffiliated Unitholders means the holders of Common Units other than Partners GP and Holdings and their respective Affiliates, officers and directors.

Person or person shall mean any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity, or any group comprised of two or more of the foregoing.

Proxy Statement/Prospectus shall have the meaning set forth in Section 5.2(f).

Receiving Party shall have the meaning set forth in Section 6.6(a).

Registration Statement shall have the meaning set forth in Section 5.2(f).

Representatives shall mean with respect to a Person, its directors, officers, employees, agents and representatives, including any investment banker, financial advisor, attorney, accountant or other advisor, agent or representative.

Rights shall mean, with respect to any person, (a) options, warrants, preemptive rights, subscriptions, calls or other rights, convertible securities, exchangeable securities, agreements or commitments of any character obligating such person (or the general partner of such person) to issue, transfer or sell any partnership or other equity interest of such person or any of its Subsidiaries or any securities convertible into

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or exchangeable for such partnership interests or equity interests or (b) contractual obligations of such person (or the general partner of such person) to repurchase, redeem or otherwise acquire any partnership interest or other equity interest in such person or any of its Subsidiaries or any such securities or agreements listed in clause (a) of this sentence.

Rule 145 Affiliate shall have the meaning set forth in Section 6.7(a).

SEC shall mean the Securities and Exchange Commission.

SEC Documents shall have the meaning set forth in Section 5.2(g).

Securities Act shall mean the Securities Act of 1933, as amended, and the rules and regulations thereunder.

Subject ETE Units shall have the meaning set forth in Section 5.2(c)(i)(C).

Subject LE GP Interest shall have the meaning set forth in Section 5.2(c)(i)(B).

Subsidiary shall have the meaning ascribed to such term in Rule 1-02 of Regulation S-X under the Securities Act, except, in the case of Holdings and Holdings GP, Partners GP and its Subsidiaries (including, for the sake of clarity, Partners) shall not be deemed to be Subsidiaries of Holdings or Holdings GP (unless otherwise specifically provided in this Agreement).

Superior Proposal means any bona fide Acquisition Proposal (except that references to 20% within the definition of Acquisition Proposal shall be replaced by 50% ) made by a third party on terms that the Holdings Audit Committee determines, in its good faith judgment and after consulting with Holdings financial advisors and outside legal counsel, and taking into account the financial, legal, regulatory and other aspects of the Acquisition Proposal (including any conditions to and the expected timing of consummation and any risks of non-consummation), to be more favorable to the holders of Units, from a financial point of view than the Merger (taking into account the transactions contemplated by this Agreement and any revised proposal by the Partners Audit Committee on behalf of Partners to amend the terms of this Agreement).

Support Agreement shall mean the Support Agreement dated as of the date hereof by and among Partners and the Holdings Supporting Unitholders.

Surviving Entity shall have the meaning set forth in Section 2.1(a).

Takeover Law means any fair price, moratorium, control share acquisition, business combination or any other anti-takeover statute or similar statute enacted under state or federal law.

Tax Returns shall have the meaning set forth in Section 5.2(m)(i).

Taxes shall mean all taxes, charges, fees, levies or other assessments, including all net income, gross income, gross receipts, sales, use, ad valorem, goods and services, capital, transfer, franchise, profits, license, withholding, payroll, employment, employer health, excise, estimated, severance, stamp, occupation, property or other taxes, custom duties, fees, assessments or charges of any kind whatsoever, together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority, whether disputed or not.

Tax Law means any Law relating to Taxes.



Termination Date shall have the meaning set forth in Section 8.1(b).

Units or Holdings Units shall mean the units representing limited partner interests of Holdings having the rights and obligations specified with respect to Units as set forth in the Holdings Partnership Agreement.

Section 1.2 *Interpretation.* A reference to an Article, Section, Exhibit or Schedule means an Article of, a Section in, or Exhibit or Schedule to, this Agreement unless otherwise expressly stated. Unless the context requires otherwise, the words this Agreement, hereof, hereunder, herein, hereby or words of similar import refer to this Agreement as a whole and not to a particular Article, Section, subsection, clause or other subdivision hereof. The words include, includes and including when used herein shall be deemed

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in each case to be followed by the words without limitation. Whenever the context requires, the words used herein include the masculine, feminine and neuter gender, and the singular and the plural. A reference to any legislation or to any provision of any legislation shall include any amendment thereof, any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto. References to this Agreement or any other agreement or document shall be construed as a reference to such agreement or document, including any exhibits, appendices and schedules thereto, as amended, amended and restated, modified or supplemented and in effect from time to time and shall include a reference to any document which amends, modifies or supplements it. References to a Person or person shall be construed as a reference to such Person and its successors and permitted assigns.

ARTICLE II

THE MERGER; EFFECTS OF THE MERGER

Section 2.1 *The Merger.*

(a) *The Surviving Entity.* Subject to the terms and conditions of this Agreement, at the Effective Time, Holdings shall merge with and into MergerCo, the separate existence of Holdings shall cease and MergerCo shall survive and continue to exist as a Delaware limited liability company (MergerCo, as the surviving entity in the Merger, sometimes being referred to herein as the Surviving Entity ), such that immediately following the Merger, Partners will be the sole member of MergerCo and Holdings GP will be the sole general partner of Partners.

(b) *Effectiveness and Effects of the Merger.* Subject to the satisfaction or waiver of the conditions set forth in Article VII in accordance with this Agreement, the Merger shall become effective upon the later to occur of the filing in the office of the Secretary of State of the State of Delaware of a properly executed certificate of merger (the Certificate of Merger ) or such later date and time as may be set forth in the Certificate of Merger (the Effective Time ), in accordance with the DRULPA and the DLLCA. The Merger shall have the effects set forth in this Agreement and the applicable provisions of the DRULPA and the DLLCA.

(c) *MergerCo Certificate of Formation and MergerCo Limited Liability Company Agreement.* At the Effective Time, the MergerCo Certificate of Formation shall remain unchanged and shall be the certificate of formation of the Surviving Entity, until duly amended in accordance with applicable Law. At the Effective Time, the MergerCo Limited Liability Company Agreement shall remain unchanged and shall be the limited liability company agreement of the Surviving Entity until duly amended in accordance with the terms thereof and applicable Law.

(d) The parties hereto intend for the Merger to be treated as an assets-over merger of Holdings into Partners under Treasury Regulations Section 1.708-1(c)(3)(i) and for post-Merger Partners to be treated as a continuation of pre-Merger Partners under Treasury Regulations Section 1.708-1.

Section 2.2 *Closing.* Subject to (i) the satisfaction or waiver of the conditions set forth in Article VII and (ii) this Agreement not having theretofore terminated pursuant to its terms, the Merger and the other transactions contemplated hereby (the Closing ) shall occur on (a) the Business Day after the day on which the last of the conditions set forth in Article VII (excluding conditions that, by their nature, cannot be satisfied until the Closing Date) shall have been satisfied or waived in accordance with the terms of this Agreement or (b) such other date to which the parties may agree in writing. The date on which the Closing occurs is referred to as the Closing Date. The Closing of the transactions contemplated by this Agreement shall take place at the offices of Andrews Kurth LLP, 600 Travis, Suite 4200, Houston, Texas 77002 at 10:00 a.m. Houston time on the Closing Date.



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ARTICLE III

MERGER CONSIDERATION; EXCHANGE PROCEDURES

Section 3.1 *Merger Consideration.* Subject to the provisions of this Agreement, at the Effective Time (except as noted below in clause (b)), by virtue of the Merger and without any action on the part of Partners, Holdings or any holder of Units:

(a) All of the limited liability company interests in MergerCo outstanding immediately prior to the Effective Time shall remain outstanding as limited liability company interests in the Surviving Entity, and Partners, as the holder of such limited liability company interests, shall continue as the sole member of the Surviving Entity.

(b) The general partner interest in Holdings issued and outstanding immediately prior to the Effective Time (in the non-economic form effected by the Fourth Amendment) shall be converted into the right to receive the non-economic general partner interest in Partners as set forth in the Partners Amended and Restated Partnership Agreement, and Holdings GP shall be admitted (immediately prior to the Effective Time in accordance with Section 4.6(c) of the Partners Existing Partnership Agreement) as the sole general partner of Partners in accordance with the Partners Existing Partnership Agreement and the Partners Amended and Restated Partnership Agreement.

(c) Each Unit issued and outstanding immediately prior to the Effective Time (other than Units held by Partners or its Subsidiaries or Holdings or its Subsidiaries) shall be converted into the right to receive 1.5 Common Units (such ratio, the Exchange Ratio, and such amount of Common Units, the Merger Consideration ) which Common Units shall be duly authorized and validly issued in accordance with applicable Laws and the Partners Existing Partnership Agreement and the Partners Amended and Restated Partnership Agreement, as applicable, fully paid (to the extent required under the Partners Existing Partnership Agreement and the Partners Amended and Restated Partnership Agreement, as applicable) and non-assessable (except to the extent such non-assessability may be affected by Sections 17-303, 17-607 and 17-804 of the DRULPA) (such Common Units described in this clause (c) shall be referred to herein as the New Common Units ).

Section 3.2 *Rights As Unitholders; Unit Transfers.* All Units, when converted as a result of and pursuant to the Merger, shall cease to be outstanding and shall automatically be canceled and cease to exist. At the Effective Time, each holder of a certificate representing Units (a Certificate ) and each holder of non-certificated Units represented by book-entry ( Book-Entry Units ) shall cease to be a unitholder of Holdings and cease to have any rights with respect thereto, except the right to receive (a) the Merger Consideration, and the right to be admitted as an Additional Limited Partner in connection therewith, (b) any cash to be paid in lieu of any fractional New Common Unit in accordance with Section 3.3(e) and (c) any distributions in accordance with Section 3.3(c), in each case, to be issued or paid, without interest, in consideration therefor in accordance with Section 3.3. In addition, to the extent applicable, holders of Units as of the Effective Time shall have continued rights to any distribution, without interest, with respect to such Units with a record date occurring prior to the Effective Time that may have been declared or made by Holdings with respect to such Units in accordance with the terms of this Agreement and which remains unpaid as of the Effective Time. After the Effective Time, the unit transfer books of Holdings shall be closed immediately and there shall be no further registration of transfers on the unit transfer books of Holdings with respect to Units.

Section 3.3 *Exchange of Certificates.*

(a) *Exchange Agent.* Promptly after the Effective Time, Partners shall deposit or shall cause to be deposited with the Exchange Agent for the benefit of the holders of Units, for exchange in accordance with this Article III, through the Exchange Agent, New Common Units and cash as required by this Article III. Partners agrees to make available to the Exchange Agent, from time to time as needed, cash sufficient to pay any distributions pursuant to Section 3.2 and

Section 3.3(c) and to make payments in lieu of any fractional New Common Units pursuant to Section 3.3(e), in each case without interest. Any cash and New Common Units deposited with the Exchange Agent (including as payment for any fractional New Common Units in accordance with Section 3.3(e) and any distributions with respect to such fractional New Common Units in

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accordance with Section 3.3(c)) shall hereinafter be referred to as the Exchange Fund. The Exchange Agent shall, pursuant to irrevocable instructions, deliver the Merger Consideration contemplated to be paid for Units pursuant to this Agreement out of the Exchange Fund. Except as contemplated by Sections 3.3(c) and 3.3(e), the Exchange Fund shall not be used for any other purpose.

(b) *Exchange Procedures.* Promptly after the Effective Time, Partners shall instruct the Exchange Agent to mail to each record holder of Units as of the Effective Time (i) a letter of transmittal (which shall specify that in respect of certificated Units, delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent, and which shall be in customary form and agreed to by Partners and Holdings prior to the Effective Time) and (ii) instructions for use in effecting the surrender of the Certificates or Book-Entry Units in exchange for the Merger Consideration payable in respect of Units represented by such Certificates or Book-Entry Units, as applicable. Promptly after the Effective Time, upon surrender of Certificates, if any, for cancellation to the Exchange Agent together with such letters of transmittal, properly completed and duly executed, and such other documents (including in respect of Book-Entry Units) as may be required pursuant to such instructions, each holder of Units shall be entitled to receive in exchange therefor (A) New Common Units representing, in the aggregate, the whole number of New Common Units that such holder has the right to receive pursuant to this Article III (after taking into account all Units then held by such holder) and (B) a check in an amount equal to the aggregate amount of cash that such holder has the right to receive pursuant to this Article III, including cash payable in lieu of any fractional New Common Units pursuant to Section 3.3(e) and distributions pursuant to Section 3.3(c). No interest shall be paid or accrued on any Merger Consideration, any cash payment in lieu of fractional New Common Units, or on any unpaid distributions payable to holders of Certificates or Book-Entry Units. In the event of a transfer of ownership of Units that is not registered in the transfer records of Holdings, the Merger Consideration payable in respect of such Units may be paid to a transferee, if the Certificate representing such Units or evidence of ownership of the Book-Entry Units is presented to the Exchange Agent, and in the case of both certificated and book-entry Units, accompanied by all documents required to evidence and effect such transfer and the Person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other Taxes required by reason of the delivery of the Merger Consideration in any name other than that of the record holder of such Units, or shall establish to the satisfaction of the Exchange Agent that such Taxes have been paid or are not payable. Until the required documentation has been delivered and Certificates, if any, have been surrendered, as contemplated by this Section 3.3, each Certificate or Book-Entry Unit shall be deemed at any time after the Effective Time to represent only the right to receive upon such delivery and surrender the Merger Consideration payable in respect of Units and any cash or distributions to which such holder is entitled pursuant to Section 3.2.

(c) *Distributions with Respect to Unexchanged Units.* No distributions declared or made with respect to Common Units with a record date after the Effective Time shall be paid to the holder of any Units with respect to New Common Units that such holder would be entitled to receive in accordance herewith and no cash payment in lieu of fractional New Common Units shall be paid to any such holder until such holder shall have delivered the required documentation and surrendered any Certificate as contemplated by this Section 3.3. Subject to applicable Law, following compliance with the requirements of Section 3.3(b), there shall be paid to such holder of New Common Units issuable in exchange therefor, without interest, (i) promptly after the time of such compliance, the amount of any cash payable in lieu of fractional New Common Units to which such holder is entitled pursuant to Section 3.3(e) and the amount of distributions with a record date after the Effective Time theretofore paid with respect to New Common Units and payable with respect to such New Common Units, and (ii) at the appropriate payment date, the amount of distributions with a record date after the Effective Time but prior to such delivery and surrender and a payment date subsequent to such compliance payable with respect to such New Common Units.

(d) *Further Rights in Holdings Units.* The Merger Consideration issued upon conversion of a Unit in accordance with the terms hereof (including any cash paid pursuant to Section 3.2, Section 3.3(c) or Section 3.3(e)) shall be deemed to have been issued in full satisfaction of all rights pertaining to such Unit.

(e) *Fractional Common Units.* No certificates or scrip of New Common Units representing fractional New Common Units or book entry credit of the same shall be issued upon the exchange of Units in

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accordance with Section 3.3(b), and such fractional interests will not entitle the owner thereof to vote or to have any rights as a holder of any New Common Units. Notwithstanding any other provision of this Agreement, each holder of Units exchanged in the Merger who would otherwise have been entitled to receive a fraction of a New Common Unit (after taking into account all Units exchanged by such holder) shall receive, in lieu thereof, cash (without interest rounded up to the nearest whole cent) in an amount equal to the product of (i) the Average Closing Price as of the Closing Date and (ii) the fraction of a New Common Unit that such holder would otherwise be entitled to receive pursuant to this Article III. As promptly as practicable after the determination of the amount of cash, if any, to be paid to holders of fractional interests, the Exchange Agent shall so notify Partners, and Partners shall, or shall cause the Surviving Entity to, deposit such amount with the Exchange Agent and shall cause the Exchange Agent to forward payments to such holders of fractional interests subject to and in accordance with the terms hereof. To the extent applicable, each holder of Units shall be deemed to have consented for U.S. federal income tax purposes (and to the extent applicable, state or local income tax purposes) to report the cash received for fractional New Common Units in the Merger as a sale of a portion of the holder's Units to Partners consistent with Treasury Regulation Section 1.708-1(c)(4).

(f) *Termination of Exchange Fund.* Any portion of the Exchange Fund constituting New Common Units or cash that remains undistributed to the holders of Units after 180 days following the Effective Time shall be delivered to Partners upon demand by Partners and, from and after such delivery, any former holders of Units who have not theretofore complied with this Article III shall thereafter look only to Partners for the Merger Consideration payable in respect of such Units, any cash in lieu of fractional New Common Units to which they are entitled pursuant to Section 3.3(e) and any distributions with respect to New Common Units to which they are entitled pursuant to Section 3.3(c), in each case, without any interest thereon. Any amounts remaining unclaimed by holders of Units immediately prior to such time as such amounts would otherwise escheat to or become the property of any governmental entity shall, to the extent permitted by applicable Law, become the property of Partners, free and clear of any Liens, claims or interest of any Person previously entitled thereto.

(g) *No Liability.* To the fullest extent permitted by Law, none of Holdings GP, Partners, Holdings, or the Surviving Entity shall be liable to any holder of Units for any Common Units (or distributions with respect thereto) or cash from the Exchange Fund delivered to a public official pursuant to any abandoned property, escheat or similar Law.

(h) *Lost Certificates.* If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Partners, the posting by such Person of a bond, in such reasonable amount as Partners may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent shall pay in exchange for such lost, stolen or destroyed Certificate the Merger Consideration payable in respect of Units represented by such Certificate and any distributions to which the holders thereof are entitled pursuant to Section 3.2.

(i) *Withholding.* Each of Partners, the Surviving Entity and the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of Units such amounts as Partners, the Surviving Entity or the Exchange Agent is required to deduct and withhold under the Code or any provision of state, local, or foreign Tax Law, with respect to the making of such payment; *provided, however,* that Partners, the Surviving Entity or the Exchange Agent, as the case may be, shall provide reasonable notice to the applicable holders of Units prior to withholding any amounts pursuant to this Section 3.3(i). To the extent that amounts are so deducted and withheld by Partners, the Surviving Entity or the Exchange Agent, such amounts shall be treated for all purposes of this Agreement as having been paid to the holder of Units in respect of whom such deduction and withholding was made by Partners, the Surviving Entity or the Exchange Agent, as the case may be.

(j) *Book Entry and Admission of Holders of New Common Units as Additional Limited Partners of Partners.* All New Common Units to be issued in the Merger shall be issued in book-entry form, without physical certificates. Upon the



issuance of New Common Units to the holders of Units in accordance with this Section 3.3 and the compliance by such holders with the requirements of Section 10.4 of the Partners Amended and Restated Partnership Agreement, which requirements may be satisfied by each holder of Units

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by the execution and delivery by such holder of a completed and executed letter of transmittal, New Partners GP shall be deemed to have automatically consented to the admission of such holders as limited partners of Partners and shall reflect such admission on the books and records of Partners.

(k) *Investment of the Exchange Fund.* Partners shall cause the Exchange Agent to invest any cash included in the Exchange Fund as directed by Partners on a daily basis; *provided* that any investment of such Exchange Fund shall be limited to direct short-term obligations of, or short-term obligations fully guaranteed as to principal and interest by, the U.S. government and that no such investment or loss thereon shall affect the amounts payable or the timing of the amounts payable to Holdings Unitholders pursuant to the other provisions of this Section 3.3. Any interest and other income resulting from such investments shall be paid promptly to Partners.

Section 3.4 *Anti-Dilution Provisions.* In the event of any subdivisions, reclassifications, recapitalizations, splits, unit distributions, combinations or exchange of units with respect to, or Rights in respect of, Units or Common Units (in each case, as permitted pursuant to Section 4.3), the number of New Common Units to be issued in the Merger and the Average Closing Price of Common Units will be correspondingly adjusted to provide to the holders of Units the same economic effect as contemplated by this Agreement prior to such event.

Section 3.5 *Treatment of Holdings Equity-Based Awards; Holdings Unit Appreciation Rights (UARs).* At the Effective Time, automatically and without any action on the part of the holder thereof, other than holders who are DEP Holdings, LLC directors whose consent is required and who provide written consent, each outstanding Unit Appreciation Right ( Holdings UAR ), both granted pursuant to the Holdings Unit Plan and outside the Holdings Unit Plan, shall be assumed by Partners and converted into a number of Common Unit Appreciation Rights ( CUARs ) of Partners equal to the product of the number of Holdings UARs to which such grant was subject at the time of such assumption multiplied by the Exchange Ratio (with any resulting fraction of a CUAR being rounded down to the nearest whole CUAR), with an exercise price per CUAR of Partners equal to the per Holdings UAR exercise price divided by the Exchange Ratio (with any resulting exercise price that contains a fraction of a cent being increased to the next whole cent). In the case of DEP Holdings, LLC directors whose consent is not required or, if required, who provide written consent, such person's outstanding Holdings UARs, whether or not then exercisable or vested, shall cease to represent, as of the Effective Time, a Holdings UAR and shall be converted, in settlement and cancellation thereof, into the right to receive, at the Effective Time, a lump sum cash payment, without interest, equal to the Fair Market Value of such Holdings Unit on such date over the Grant Price per Holdings Unit (with the terms Fair Market Value and Grant Price as defined under the Holdings Unit Plan). Each CUAR of Partners shall be subject to, and vest upon, the terms and conditions that are equivalent to those applicable to the Holdings UARs. Promptly after the Effective Time, Partners will provide each holder of a Holdings UAR with a notice describing the assumption and conversion of such awards. The assumption and conversion of the Holdings UARs (and the cash-out of Holdings UARs held by DEP Holdings, LLC directors) pursuant to this Section 3.5 shall be in full satisfaction of the obligations in respect thereof.

ARTICLE IV

ACTIONS PENDING MERGER

From the date hereof until the Effective Time, except as expressly contemplated by this Agreement, including the transactions contemplated by the Partners GP Merger Agreement and made in connection with the Partners GP Merger, (a) without the prior written consent of the Partners Audit Committee (which consent shall not be unreasonably withheld, delayed or conditioned), Holdings and Holdings GP will not, and will cause each of its Subsidiaries not to, and (b) without the prior written consent of the Holdings Audit Committee (which consent shall not be unreasonably withheld, delayed or conditioned), Partners and Partners GP will not, and will cause each of its Subsidiaries not to:

Section 4.1 *Ordinary Course*. Conduct the business of it and its Subsidiaries other than in the ordinary and usual course or, to the extent consistent therewith, fail to use commercially reasonable best efforts to

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preserve intact its business organizations, goodwill and assets and maintain its rights, franchises and existing relations with customers, suppliers, employees and business associates, or take any action that would have a Material Adverse Effect.

Section 4.2 *Equity*. (a) In the case of Holdings and its Subsidiaries, other than the conversion of the Holdings general partner interest and the issuance of Units in connection therewith required in accordance with Section 6.18 and the related entry into the Fourth Amendment, (i) issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional equity or any additional Rights, (ii) enter into any agreement with respect to the foregoing or (iii) permit any additional equity interests to become subject to new grants of employee unit options, unit appreciation rights or similar equity-based employee Rights; and (b) in the case of Partners, take any action described in clause (i), (ii) or (iii) above, which would materially adversely affect its or Holdings ability to consummate the transactions contemplated by this Agreement.

Section 4.3 *Equity Changes*. Other than the conversion of the Holdings general partner interest and the issuance of Units in connection therewith required in accordance with Section 6.18 and the related entry into the Fourth Amendment: (a) split, combine or reclassify any of its equity interests or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for its equity interests; or (b) repurchase, redeem or otherwise acquire, or permit any of its Subsidiaries to purchase, redeem or otherwise acquire any partnership or other equity interests or Rights, except as required by the terms of its securities outstanding on the date hereof or as contemplated by any existing Compensation and Benefit Plan.

Section 4.4 *Acquisitions and Dispositions*. (a) In the case of Holdings and its Subsidiaries, (i) sell, lease, dispose of or discontinue all or any portion of its assets, business or properties other than uses of cash in the ordinary course of business, including distributions permitted under Section 4.5, (ii) acquire, by merger or otherwise, or lease any assets or all or any portion of the business or property of any other entity other than in the ordinary course of business consistent with past practice, (iii) merge, consolidate or enter into any other business combination transaction with any Person, or (iv) convert from a limited partnership or limited liability company, as the case may be, to any other business entity; and (b) in the case of Partners, (i) merge, consolidate or enter into any other business combination transaction with any Person or make any acquisition or disposition that would be likely to have a Material Adverse Effect, or (ii) enter into a definitive agreement with respect to a Partners Acquisition Proposal.

Section 4.5 *Distributions*. In the case of Holdings GP and Holdings, make or declare dividends or distributions to the holders of Units other than regular quarterly distributions in an amount not to exceed \$0.015 plus the distribution amount per Unit paid with respect to the second quarter of 2010, and in the case of Partners, make or declare dividends or distributions to the holders of Partners Common Units other than regular quarterly distributions in an amount not to exceed \$0.0075 plus the distribution amount per Partner Common Unit paid with respect to the second quarter of 2010.

Section 4.6 *Amendments*. (a) In the case of Holdings GP and Holdings, amend the Partners GP LLC Agreement, the Partners Existing Partnership Agreement, the Holdings Partnership Agreement or the Holdings GP LLC Agreement other than in accordance with this Agreement; and (b) in the case of Partners, amend the Partners Existing Partnership Agreement other than in accordance with this Agreement. For purposes of clarification, an amendment to the Partners Existing Partnership Agreement in connection with the Partners GP Merger to admit Holdings as general partner and for Holdings to assume such rights and duties as required under the Partners Existing Partnership Agreement shall be deemed in accordance with this Agreement, and such assumption by Holdings as general partner and Holdings business and activities at such time until the Effective Time shall be deemed ancillary and related to the business of Partners, and made in connection with and incidental to its performance as general partner of Partners.

Section 4.7 *Material Contracts*. (a) In the case of Holdings and its Subsidiaries, enter into any Holdings Material Contract or modify, amend, terminate or assign, or waive or assign any rights under any Holdings Material Contract in any material respect in a manner which is adverse to Partners and its Subsidiaries, taken as a whole, or which could prevent or materially delay the consummation of the Merger or the other transactions contemplated by this Agreement past the Termination Date (or any extension thereof); and (b) in the case of Partners and its Subsidiaries, enter into any Partners Material Contract or modify,

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amend, terminate or assign, or waive or assign any rights under any Partners Material Contract in any material respect in a manner which is adverse to Partners and its Subsidiaries, taken as a whole, or which could prevent or materially delay the consummation of the Merger or the other transactions contemplated by this Agreement past the Termination Date (or any extension thereof).

Section 4.8 *Litigation.* (a) In the case of Holdings and its Subsidiaries, waive, release, assign, settle or compromise any claim, action or proceeding; and (b) in the case of Partners and its Subsidiaries, waive, release, assign, settle or compromise any claim, action or proceeding that would reasonably be expected to result in a Material Adverse Effect on Partners or on Holdings.

Section 4.9 *Accounting Methods.* Implement or adopt any material change in its accounting principles, practices or methods, other than as may be required by Law or U.S. generally accepted accounting principles.

Section 4.10 *Insurance.* Fail to use commercially reasonable best efforts to maintain with financially responsible insurance companies, insurance in such amounts and against such risks and losses as has been customarily maintained by it in the past.

Section 4.11 *Taxes.*

(a) Change in any material respect any of its express or deemed elections relating to Taxes, including elections for any and all joint ventures, partnerships, limited liability companies or other investments where it has the capacity to make such binding election;

(b) Settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; or

(c) Change in any material respect any of its methods of reporting income or deductions for federal income tax purposes from those employed in the preparation of its federal income tax return for the most recent taxable year for which a return has been filed, except as may be required by applicable Law.

Section 4.12 *Employee Benefit Plans.*

In the case of Holdings and its Subsidiaries, (a) adopt, enter into, amend or otherwise increase, or accelerate the payment or vesting of the amounts, benefits or rights payable or accrued or to become payable or accrued under, any Compensation and Benefit Plan, (b) grant any severance or termination pay to any officer or director of Holdings or any of its Subsidiaries or (c) establish, adopt, enter into or amend any plan, policy, program or arrangement for the benefit of any current or former directors or officers of Holdings or any of its Subsidiaries or any of their beneficiaries.

Section 4.13 *Debt, Capital Expenditures and the Like.* (a) In the case of Holdings and its Subsidiaries, (i) incur, assume, guarantee or otherwise become liable for any Indebtedness (directly, contingently or otherwise), other than borrowings under existing revolving credit facilities in the ordinary course of business consistent with past practice, (ii) enter into any material lease (whether operating or capital), (iii) create any Lien on its property or the property of its Subsidiaries in connection with any pre-existing Indebtedness, new Indebtedness or lease, or (iv) make or commit to make any capital expenditures; and (b) in the case of Partners, take any action described in clauses (i), (ii), (iii) or (iv) above which would materially adversely affect its or Holdings' ability to consummate the transactions contemplated by this Agreement.

Section 4.14 *No Dissolution*. Authorize, recommend, propose or announce an intention to adopt a plan of complete or partial dissolution or liquidation.

Section 4.15 *Adverse Actions*. Except as permitted by Sections 6.2 and 6.6, knowingly take any action that is intended or is reasonably likely to result in (a) any of its representations and warranties set forth in this Agreement being or becoming untrue in any material respect at the Closing Date, (b) any of the conditions set forth in Article VII not being satisfied, (c) any material delay or prevention of the consummation of the Merger or (d) a material violation of any provision of this Agreement except, in each case, as may be required by applicable Law.

Section 4.16 *Agreements*. Agree or commit to do anything prohibited by Sections 4.1 through 4.15.

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ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.1 *Disclosure Schedule*. On or prior to the date hereof, Partners has delivered to Holdings and Holdings has delivered to Partners a schedule (respectively, its Disclosure Schedule ) setting forth, among other things, items the disclosure of which is necessary or appropriate in relation to any or all of its representations and warranties; *provided, however*, that (a) no such item is required to be set forth in a Disclosure Schedule as an exception to a representation or warranty if its absence is not reasonably likely to result in the related representation or warranty being deemed untrue or incorrect in any material respect, and (b) the mere inclusion of an item in a Disclosure Schedule shall not be deemed an admission by a party that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect.

Section 5.2 *Representations and Warranties*. Subject to Section 5.1 and except as set forth in its Disclosure Schedule or (other than with respect to Sections 5.2(a) and (b)) as set forth in its SEC Documents filed and publicly available prior to the date hereof (excluding any disclosures included therein to the extent they are cautionary, predictive or forward-looking in nature, including those in any risk factor section of such documents), Holdings hereby represents and warrants with respect to Holdings and Holdings GP (and to the extent necessary with respect to any representations by Holdings herein, Holdings GP also represents and warrants) to Partners, and Partners and MergerCo hereby represent and warrant with respect to themselves and Partners GP (and to the extent necessary with respect to any representations by Partners and MergerCo herein, Partners GP also represents and warrants) to Holdings, to the extent applicable, in each case with respect to itself and its Subsidiaries, as follows:

(a) *Organization, General Authority and Standing*. Such party is a limited partnership or limited liability company, duly formed, validly existing and in good standing under the Laws of the State of Delaware. Such party (i) has the requisite limited partnership or limited liability company power and authority to own and lease all of its properties and assets and to carry on its business as it is now being conducted, (ii) is duly qualified to do business and is in good standing in the states of the United States of America where its ownership or leasing of property or the conduct of its business requires it to be so qualified and (iii) has in effect all federal, state, local, and foreign governmental authorizations and permits necessary for it to own or lease its properties and assets and to carry on its business as it is now conducted, except where the failure to have such power and authority, to be so qualified or to have such authorizations and permits in effect would not have a Material Adverse Effect on either Holdings or Partners.

(b) *Capitalization*.

(i) In the case of Holdings, as of the date hereof, there are 139,195,064 Units issued and outstanding, and all such Units and the limited partner interests represented thereby were duly authorized and are validly issued in accordance with the Holdings Partnership Agreement and are fully paid (to the extent required under the Holdings Partnership Agreement) and nonassessable (except as such nonassessability may be affected by Sections 17-303, 17-607 and 17-804 of the DRULPA), and are not subject to any preemptive or similar rights (and were not issued in violation of any preemptive or similar rights). As of the date hereof, Holdings GP is the sole general partner of Holdings owning a 0.01% general partner interest in Holdings, and such general partner interest was duly authorized and validly issued in accordance with the Holdings Partnership Agreement.

(ii) In the case of Partners, as of the date hereof, there are 638,733,319 Common Units and 4,520,431 Class B Units issued and outstanding, and all of such Common Units and Class B Units and the limited partner interests represented thereby were duly authorized and validly issued in accordance with the Partners Existing Partnership Agreement and are fully paid (to the extent required under the Partners Existing Partnership Agreement) and nonassessable (except as such nonassessability may be affected by Sections 17-303, 17-607 and 17-804 of the DRULPA). As of the date



hereof, Partners GP is the sole general partner of Partners owning a 2.0% Partners General

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Partner Interest and the related Partners Incentive Distribution Rights, and such Partners General Partner Interest and related Partners Incentive Distribution Rights were duly authorized and validly issued in accordance with the Partners Existing Partnership Agreement. New Common Units to be issued in accordance with this Agreement will be duly authorized and validly issued in accordance with the Partners Existing Partnership Agreement and the Partners Amended and Restated Partnership Agreement, as applicable, and will be fully paid (to the extent required under the Partners Existing Partnership Agreement and the Partners Amended and Restated Partnership Agreement, as applicable) and nonassessable (except as such nonassessability may be affected by Sections 17-303, 17-607 and 17-804 of the DRULPA). After giving effect to the Merger and the Partners Amended and Restated Partnership Agreement, the non-economic general partner interest in Partners to be held by Holdings GP will be duly authorized and validly issued in accordance with the Partners Amended and Restated Partnership Agreement, and Holdings GP will be duly admitted as the general partner of Partners.

(iii) As of the date hereof, except as set forth above in this Section 5.2(b) and in Schedule 5.2(b) of a party's Disclosure Schedule, (A) there are no partnership interests or other equity securities of such party or any of its Subsidiaries issued or authorized and reserved for issuance, (B) there are no outstanding options, warrants, preemptive rights, subscriptions, calls or other rights, convertible securities, exchangeable securities, agreements or commitments of any character obligating such person (or the general partner of such person) or any of its Subsidiaries to issue, transfer or sell any partnership or other equity interest of such person or any of its Subsidiaries or any securities convertible into or exchangeable for such partnership interests or equity interests, or any commitment to authorize, issue or sell the same or any such equity securities, except pursuant to this Agreement, and (C) there are no contractual obligations of such person (or the general partner of such person) or any of its Subsidiaries to repurchase, redeem or otherwise acquire any partnership interest or other equity interest in such person or any of its Subsidiaries or any such securities or agreements listed in clause (B) of this sentence.

(iv) The number of Common Units that are issuable by Partners upon exercise of any employee or director options or other rights of any employee, director or other Person to purchase Common Units as of the date hereof are set forth in Schedule 5.2(b) of Partners Disclosure Schedule.

*(c) Equity Interests in other Entities.*

(i) In the case of the representations and warranties of Holdings, other than ownership of (A) its Subsidiaries, (B) an approximate 40.6% member interest in LE GP, LLC (the Subject LE GP Interest), the general partner of Energy Transfer Equity, (C) 38,976,090 ETE Units (the Subject ETE Units), and (D) interests in Partners Common Units and in Partners GP, Holdings does not own beneficially, directly or indirectly, any equity securities or similar interests of any person, or any interest in a partnership or joint venture of any kind. Except as set forth in its SEC Documents, Holdings owns the interests set forth in clauses (A) (other than Subsidiaries of Partners), (B), (C) and (D) free and clear of all Liens, except those existing or arising pursuant to the applicable governing documents of such entities.

(ii) The Subject ETE Units and the limited partner interests represented thereby were duly authorized and validly issued in accordance with the ETE Partnership Agreement and are fully paid (to the extent required under the ETE Partnership Agreement) and nonassessable (except as such nonassessability may be affected by Sections 17-303, 17-607 and 17-804 of the DRULPA).

(iii) The Subject LE GP Interest were duly authorized and validly issued in accordance with the LE GP LLC Agreement and are fully paid (to the extent required under the LE GP LLC Agreement) and nonassessable (except as such nonassessability may be affected by Section 18-607 of the Delaware Limited Liability Company Act).

(iv) To the Knowledge of Holdings as of the date hereof, (A) none of the reports, registration statements, definitive proxy statements or information statements filed by Energy Transfer Equity



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subsequent to December 31, 2009 under the Securities Act, or under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, including its Annual Report on Form 10-K for the year ended December 31, 2009, in each case in the form filed (collectively, ETE SEC Documents ), with the SEC as of their respective dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, (B) the historical financial statements of Energy Transfer Equity and its consolidated subsidiaries contained in or incorporated by reference into any such ETE SEC Document (including the related notes and schedules thereto) (1) comply in all material respects with the applicable requirements under the Securities Act and the Exchange Act and (2) fairly present the financial position, results of operations, partners equity and cash flows, as the case may be, of the entity or entities to which they relate as of the dates or for the periods to which such financial statements relate, in each case in accordance with U.S. generally accepted accounting principles consistently applied during the periods involved, except in each case as may be noted therein, subject to normal year-end audit adjustments in the case of unaudited statements and (C) since December 31, 2009, except as disclosed in the ETE SEC Documents, there has not been any event, change, effect, development, condition or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have, a material adverse effect on the financial position, results of operations, business, assets or prospects of Energy Transfer Equity (*provided, however*, that any information contained in any part of any ETE SEC Document shall only be deemed to be an exception to this Section 5.2(c)(iv)(C) if the relevance of that information as an exception to this Section 5.2(c)(iv)(C) is reasonably apparent; and *provided further, however*, that, except for any specific factual information contained therein to the extent the relevance thereof is reasonably apparent, in no event shall any information contained in any part of any ETE SEC Document entitled Risk Factors (or words of similar import) or containing a description or explanation of Forward-Looking Statements be deemed to be an exception to this Section 5.2(c)(iv)(C)), except for any event, change, effect, development, condition or occurrence, or the impact of any thereof, referred to in clause (a), (b), (c), (d), (e) or (f) of the definition of Material Adverse Effect herein.

*(d) Power, Authority and Approvals of Transactions; Partners GP Special Approval; Holdings GP Special Approval and Board Recommendations.*

(i) Such party has the requisite partnership or limited liability company power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. Subject to Holdings Unitholder Approval in the case of Holdings, this Agreement and the transactions contemplated hereby have been authorized by all necessary (partnership or limited liability company, as applicable) action by such party. This Agreement has been duly executed and delivered by such party and constitutes a valid and binding agreement of such party (assuming the due execution and delivery of this Agreement by, or with respect to, the Other Parties), enforceable against it in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors rights or by general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law)).

(ii) The Partners Audit Committee has determined that this Agreement and the transactions contemplated hereby, including the Merger, the New Common Unit Issuance and the adoption of the Partners Amended and Restated Partnership Agreement (collectively, the Partners Merger Transactions ) are fair and reasonable to Partners, and has approved this Agreement and the Partners Merger Transactions, and such action by the Partners Audit Committee constituted Special Approval (as defined in the Partners Existing Partnership Agreement) of this Agreement and the Partners Merger Transactions. Based in part on the determination of the Partners Audit Committee, the Partners GP Board has approved this Agreement and the Partners Merger Transactions and

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determined that this Agreement and the Partners Merger Transactions are fair and reasonable to, and in the best interests of, Partners and the Partners Unaffiliated Unitholders.

(iii) The Holdings GP Board has requested, and delegated to the Holdings Audit Committee the power and authority to consider, analyze, review, evaluate, accept or reject the terms and conditions of this Agreement and the transactions contemplated hereby including the Holdings Merger Transactions (as defined below). The Holdings Audit Committee has determined that this Agreement and the transactions contemplated hereby, including the Merger, the Fourth Amendment and the Partners GP Merger (the Holdings Merger Transactions ), are fair and reasonable, advisable to and in the best interests of Holdings and the Holdings Unaffiliated Unitholders, and such action by the Holdings Audit Committee constituted Special Approval (as defined in the Holdings Partnership Agreement) of this Agreement and the transactions contemplated hereby and the Holdings Merger Transactions. Based upon such recommendation of the Holdings Audit Committee, the Holdings GP Board has approved and declared the advisability of entering into this Agreement and the Holdings Merger Transactions, has directed that this Agreement be submitted to the Holdings Unitholders for approval at a meeting of such holders for the purpose of approving this Agreement and the Merger (including any adjournment or postponement thereof, the Holdings Meeting ) and the Holdings GP Board has recommended that the holders of Units approve this Agreement and the Merger and the Partners GP Merger Agreement.

(e) *No Violations or Defaults.* Subject to the declaration of effectiveness of the Registration Statement, required filings under federal and state securities laws and with the NYSE, assuming the other consents and approvals contemplated by Section 5.2(f) and Article VII are duly obtained and assuming the consents, waivers and approvals specified in Section 6.11(c), (d) and (e) are obtained, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by such party do not and will not (i) constitute a breach or violation of, or result in a default (or an event that, with notice or lapse of time or both, would become a default) under, or result in the termination or in a right of termination or cancellation of, or accelerate the performance required by, any note, bond, mortgage, indenture, deed of trust, license, franchise, lease, contract, agreement, joint venture or other instrument or obligation to which it or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or properties is subject or bound, (ii) constitute a breach or violation of, or a default under, in the case of Holdings, the Holdings Partnership Agreement, the Holdings Certificate of Limited Partnership, the Holdings GP LLC Agreement or the Holdings GP Certificate of Formation, and in the case of Partners, the Partners Existing Partnership Agreement, the Partners Certificate of Limited Partnership, the Partners GP LLC Agreement or the Partners GP Certificate of Formation, (iii) contravene or conflict with or constitute a violation of any provision of any Law binding upon or applicable to it or any of its Subsidiaries, (iv) result in the creation of any Lien on any of its assets or its Subsidiaries assets other than in connection with any Indebtedness incurred by Partners in connection with the transactions contemplated by this Agreement, or (v) cause the transactions contemplated by this Agreement to be subject to Takeover Laws.

(f) *Consents and Approvals.* No consents or approvals of, or filings or registrations with, any Governmental Authority are necessary in connection with (i) the execution and delivery by such party of this Agreement and (ii) the consummation by such party of the transactions contemplated by this Agreement, except for (A) the filing of any required applications or notices with any state or foreign agencies of competent jurisdiction and approval of such applications or notices, (B) the filing with the SEC of a proxy statement relating to the matters to be submitted to the Holdings Unitholders at the Holdings Meeting and a registration statement on Form S-4 with respect to the issuance of the Partners Common Units in the Merger (such registration statement on Form S-4, and any amendments or supplements thereto, the Registration Statement, and the proxy statement/prospectus included in the Registration Statement, and any amendments or supplements thereto, the Proxy Statement/Prospectus ), (C) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, (D) any consents, authorizations, approvals, filings or exemptions in connection with compliance with the rules of the NYSE, (E) such filings and approvals as may be required to be made or obtained under the securities



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or Blue Sky laws of various states in connection with the issuance of Partners Common Units pursuant to this Agreement and (F) such other consents, authorizations, approvals, filings or registrations the absence or unavailability of which would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on such party.

(g) *Financial Reports and SEC Documents.* With respect to the Holdings Parties, Holdings, and with respect to the Partners Parties, Partners, Annual Report on Form 10-K for the fiscal year ended December 31, 2009, and all other reports, registration statements, definitive proxy statements or information statements filed or to be filed by it or any of its Subsidiaries subsequent to December 31, 2009 under the Securities Act, or under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, in the form filed, or to be filed (collectively, SEC Documents), with the SEC as of their respective dates (i) complied or will comply in all material respects as to form with the applicable requirements under the Securities Act or the Exchange Act, as the case may be, and (ii) did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. The historical financial statements of Holdings and its consolidated subsidiaries, with respect to the Holdings Parties, and of Partners and its consolidated subsidiaries, with respect to the Partners Parties, contained in or incorporated by reference into any such SEC Document (including the related notes and schedules thereto) (A) comply in all material respects with the applicable requirements under the Securities Act and the Exchange Act, and (B) fairly present the financial position, results of operations, partners equity and cash flows, as the case may be, of the entity or entities to which they relate as of the dates or for the periods to which such financial statements relate, in each case in accordance with U.S. generally accepted accounting principles consistently applied during the periods involved, except in each case as may be noted therein, subject to normal year-end audit adjustments in the case of unaudited statements. With respect to Holdings, to the Knowledge of Holdings as of the date hereof, there are no outstanding comments from, or unresolved issues raised by, the SEC, with respect to the SEC Documents of Energy Transfer Equity that have had, or the outcome of which may have, a Material Adverse Effect on Holdings. Notwithstanding anything to the contrary herein, no representation or warranty made by Holdings in this clause 5.2(g) applies to information or data furnished or supplied by or derived from Partners or any of its Subsidiaries.

(h) *Absence of Undisclosed Liabilities.* Except as disclosed in the audited financial statements (or notes thereto), including in such party's Annual Report on Form 10-K for the year ended December 31, 2009, or in the financial statements (or notes thereto) included in subsequent SEC Documents filed by such party prior to the date hereof, neither such party nor any of its consolidated subsidiaries had at December 31, 2009 or, has incurred since that date, any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature, except (i) liabilities, obligations or contingencies that (A) are accrued or reserved against in the financial statements of such party included in the SEC Documents filed prior to the date hereof, or reflected in the notes thereto, or (B) were incurred since December 31, 2009 in the ordinary course of business and consistent with past practices or (ii) liabilities, obligations or contingencies that (A) would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect on such party and its consolidated subsidiaries taken as a whole or (B) that have been discharged or paid in full prior to the date hereof. Notwithstanding anything to the contrary herein, Holdings makes no representation or warranty with respect to any liability or obligation of Partners or any of its Subsidiaries.

(i) *Compliance with Law.* Such party and each of its Subsidiaries are in compliance with and are not in default under or in violation of any applicable Law, except where such non-compliance, default or violation would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on such party. Since December 31, 2009, neither such party nor any of its Subsidiaries has received any written notice or, to such party's Knowledge, other communication from any Governmental Authority regarding any actual or possible violation of, or failure to comply with, any Law, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on such party.





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(j) *[Reserved]*

(k) *Material Contracts.*

(i) Except for this Agreement, as of the date hereof, neither such party nor any of its Subsidiaries is a party to or bound by any material contract (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC). All contracts of the type referred to in the previous sentence are referred to herein as Holdings Material Contracts or Partners Material Contracts, as applicable.

(ii) (A) In the case of Holdings, (1) each Holdings Material Contract is valid and binding and in full force and effect, (2) Holdings and each of its Subsidiaries has performed all obligations required to be performed by it to date under each Holdings Material Contract, (3) no event or condition exists which constitutes or, after notice or lapse of time or both, would constitute, a default on the part of Holdings or any of its Subsidiaries under any such Holdings Material Contract and (4) to the Knowledge of Holdings, no other party to such Holdings Material Contract is in default in any respect thereunder; and (B) in the case of Partners, (1) each Partners Material Contract is valid and binding and in full force and effect, (2) Partners and each of its Subsidiaries has performed all obligations required to be performed by it to date under each Partners Material Contract, (3) no event or condition exists which constitutes or, after notice or lapse of time or both, would constitute, a default on the part of Partners or any of its Subsidiaries under any such Partners Material Contract and (4) to the Knowledge of Partners, no other party to such Partners Material Contract is in default in any respect thereunder.

(l) *No Brokers.* No action has been taken by such party that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the transactions contemplated by this Agreement, excluding, in the case of Holdings, fees to be paid to Morgan Stanley & Co. Incorporated, and, in the case of Partners, fees to be paid to Barclays Capital Inc. and Credit Suisse Securities (USA) LLC, in every case pursuant to letter agreements, the existence of which have been heretofore disclosed to the other party and which fees have been disclosed to the other party.

(m) *Tax Matters.*

(i) All material returns, declarations, reports, estimates, information returns and statements required to be filed under federal, state, local or any foreign Tax Laws (Tax Returns) with respect to such party or any of its Subsidiaries, have been timely filed, or requests for extensions have been timely filed and have not expired;

(ii) all Tax Returns filed by such party are complete and accurate in all material respects;

(iii) all Taxes shown to be due on such Tax Returns and all other Taxes, if any, required to be paid by such party or its Subsidiaries for all periods ending through the date hereof have been paid or adequate reserves have been established, in accordance with generally accepted accounting principles, for the payment of such Taxes;

(iv) no material (A) audit or examination or (B) refund litigation with respect to any Tax Return of such party is pending. As of the date hereof, neither such party nor any of its Subsidiaries (x) has granted any requests, agreements, consents or waivers to extend the statutory period of limitations applicable to the assessment of any Taxes with respect to any Tax Returns nor (y) is a party to any Tax sharing or Tax indemnity agreement;

(v) such party has in effect a valid election under Section 754 of the Code; and

(vi) such party is properly classified as a partnership for U.S. federal income tax purposes, and not as an association or a publicly traded partnership taxable as a corporation under Section 7704 of the Code and has been properly treated as

such since its formation.

(n) *Employee Benefits Matters.* Holdings has no Compensation and Benefit Plans.

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(o) *Operations of MergerCo.* In the case of Partners, MergerCo was formed solely for the purpose of engaging in the transactions contemplated by this Agreement and has engaged in no business other than in connection with entering into this Agreement and engaging in the transactions contemplated hereby.

(p) *Holdings Fairness Opinion.* Morgan Stanley & Co. Incorporated has delivered to the Holdings Audit Committee its written opinion to the effect that, as of the date of such opinion and subject to certain assumptions, qualifications, limitations and other matters stated therein, the Exchange Ratio is fair, from a financial point of view, to the Holdings Unitholders other than the Holdings Supporting Unitholders.

(q) *Partners Fairness Opinion.* Credit Suisse Securities (USA) LLC has delivered to the Partners Audit Committee its opinion dated as of the date of the meeting at which the Partners Audit Committee approved this Agreement to the effect that, as of such date, and based upon and subject to the assumptions, qualifications and limitations and other matters set forth therein, the Exchange Ratio in the Merger is fair, from a financial point of view, to Partners.

(r) *No Material Adverse Effect.* In the case of Partners, since December 31, 2009, there has not been any event, change, effect, development, condition or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have, a Material Adverse Effect on Partners. In the case of Holdings, since December 31, 2009, there has not been any event, change, effect, development, condition or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have, a Material Adverse Effect on Holdings.

ARTICLE VI

COVENANTS

Holdings hereby covenants to and agrees with Partners, and Partners hereby covenants to and agrees with Holdings, that:

Section 6.1 *Best Efforts.* Subject to the terms and conditions of this Agreement, it shall use its commercially reasonable best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, desirable or advisable under applicable Laws, so as to permit consummation of the Merger promptly and otherwise to enable consummation of the transactions contemplated hereby, including obtaining (and cooperating with the Other Parties to obtain) any third-party approval that is required to be obtained by Holdings or Partners or any of their respective Subsidiaries in connection with the Merger and the other transactions contemplated by this Agreement, using commercially reasonable best efforts to lift or rescind any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the transactions contemplated hereby, and using commercially reasonable best efforts to defend any litigation seeking to enjoin, prevent or delay the consummation of the transactions contemplated hereby or seeking material damages, and each shall cooperate fully with the other parties hereto to that end, and shall furnish to the other party copies of all correspondence, filings and communications between it and its Affiliates and any Governmental Authority with respect to the transactions contemplated hereby.

Section 6.2 *Holdings Unitholder Approval.* Subject to the terms and conditions of this Agreement, Holdings shall take, in accordance with applicable Law, applicable stock exchange rules and the Holdings Partnership Agreement, all action necessary to call, hold and convene the Holdings Meeting to consider and vote upon the approval of this Agreement and the Merger, and any other matters required to be approved by Holdings Unitholders for consummation of the Holdings Merger Transactions, promptly after the date hereof. Subject to Section 6.6(c), the Holdings Audit Committee and the Holdings GP Board shall recommend approval of the Agreement and the Merger to the holders of Units (the Holdings Recommendation ), and Holdings shall take all reasonable lawful action to solicit such approval by the holders of Units. Notwithstanding anything to the contrary in this Agreement, if there occurs a Holdings Change in



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Recommendation in accordance with this Agreement, Holdings shall not be required to call, hold or convene the Holdings Meeting.

*Section 6.3 Registration Statement.*

(a) Each of Partners and Holdings agrees to cooperate in the preparation of the Registration Statement (including the Proxy Statement/ Prospectus constituting a part thereof and all related documents) to be filed by Partners with the SEC in connection with the issuance of New Common Units in the Merger as contemplated by this Agreement. Provided Holdings has cooperated as required above, Partners agrees to file the Registration Statement with the SEC as promptly as practicable. Each of Holdings and Partners agrees to use all commercially reasonable best efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as practicable after filing thereof. Partners also agrees to use commercially reasonable best efforts to obtain all necessary state securities law or Blue Sky permits and approvals required to carry out the transactions contemplated by this Agreement. Each of Partners and Holdings agrees to furnish to the other party all information concerning Partners, Partners GP and its Subsidiaries or Holdings, Holdings GP and its Subsidiaries, as applicable, and the officers, directors and unitholders of Partners and Holdings and any applicable Affiliates, as applicable, and to take such other action as may be reasonably requested in connection with the foregoing.

(b) Each of Holdings and Partners agrees, as to itself and its Subsidiaries, that (i) none of the information supplied or to be supplied by it for inclusion or incorporation by reference in the Registration Statement will, at the time the Registration Statement and each amendment or supplement thereto, if any, becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (ii) the Proxy Statement/Prospectus and any amendment or supplement thereto will, at the date of mailing to the holders of Units and at the time of the Holdings Meeting, not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of Holdings and Partners further agrees that if it shall become aware prior to the Closing Date of any information that would cause any of the statements in the Registration Statement to be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not false or misleading, it will promptly inform the other party thereof and take the necessary steps to correct such information in an amendment or supplement to the Registration Statement.

(c) Partners will advise Holdings, promptly after Partners receives notice thereof, of (i) the time when the Registration Statement has become effective or any supplement or amendment has been filed, (ii) the issuance of any stop order or the suspension of the qualification of New Common Units for offering or sale in any jurisdiction, (iii) the initiation or threat of any proceeding for any such purpose, or (iv) any request by the SEC for the amendment or supplement of the Registration Statement or for additional information.

(d) Holdings will use its commercially reasonable best efforts to cause the Proxy Statement/Prospectus to be mailed to its unitholders as soon as practicable after the effective date of the Registration Statement.

*Section 6.4 Press Releases.* Prior to a Holdings Change in Recommendation, if any, each of Holdings and Partners will not, without the prior approval of the Holdings GP Board in the case of Holdings and the Partners GP Board in the case of Partners, issue any press release or written statement for general circulation relating to the transactions contemplated hereby, except as otherwise required by applicable Law or the rules of the NYSE, in which case it will consult with the other party before issuing any such press release or written statement.

*Section 6.5 Access; Information.*

(a) Upon reasonable notice and subject to applicable Laws relating to the exchange of information, each party shall, and shall cause its Subsidiaries to, afford the Other Parties and their Representatives, access, during normal business hours throughout the period prior to the Effective Time, to all of its properties, books, contracts, commitments and records, and to its Representatives, and, during such period, it shall, and shall

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cause its Subsidiaries to, furnish promptly to such Person and its Representatives (i) a copy of each material report, schedule and other document filed by it pursuant to the requirements of federal or state securities law (other than reports or documents that Holdings or Partners or their respective Subsidiaries, as the case may be, are not permitted to disclose under applicable Law) and (ii) all other information concerning its business, properties and personnel as the Other Parties may reasonably request. Neither Holdings nor Partners nor any of their respective Subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would jeopardize the attorney-client privilege of the institution in possession or control of such information or contravene any Law, fiduciary duty or binding agreement entered into prior to the date of this Agreement. The parties hereto will make appropriate substitute disclosure arrangements under the circumstances in which the restrictions of the immediately preceding sentence apply.

(b) Partners and Holdings, respectively, will not use any information obtained pursuant to this Section 6.5 (to which it was not entitled under Law or any agreement other than this Agreement) for any purpose unrelated to (i) the consummation of the transactions contemplated by this Agreement or (ii) the matters contemplated by Section 6.6 in accordance with the terms thereof, and will hold all information and documents obtained pursuant to this Section 6.5 in confidence. No investigation by either party of the business and affairs of the other shall affect or be deemed to modify or waive any representation, warranty, covenant or agreement in this Agreement, or the conditions to either party's obligation to consummate the transactions contemplated by this Agreement.

*Section 6.6 Acquisition Proposals; Change in Recommendation.*

(a) Neither Holdings GP nor Holdings shall, and they shall use their commercially reasonable best efforts to cause their Representatives not to, directly or indirectly, (i) initiate, solicit, knowingly encourage or facilitate any inquiries or the making or submission of any proposal that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal, or (ii) participate in any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, any Acquisition Proposal. Notwithstanding the foregoing, but subject to the limitations in Section 6.6(b), nothing contained in this Agreement shall prohibit Holdings or any of its Representatives from furnishing any information to, including information pertaining to Partners, or entering into or participating in discussions or negotiations with, any person that makes an unsolicited written Acquisition Proposal that did not result from a knowing and intentional breach of this Section 6.6 (a Receiving Party), if (i) the Holdings Audit Committee after consultation with its outside legal counsel and financial advisors, determines in good faith (A) that such Acquisition Proposal constitutes or is likely to result in a Superior Proposal, and (B) that failure to take such action would be inconsistent with its duties under the Holdings Partnership Agreement and applicable Law and (ii) prior to furnishing any such non-public information to such Receiving Party, Holdings receives from such Receiving Party an executed Confidentiality Agreement, *provided, however*, that if Holdings receives an Acquisition Proposal that includes a Partners Acquisition Proposal, Holdings may, in its discretion, respond to a Receiving Party to indicate that Holdings cannot entertain an Acquisition Proposal that includes a Partners Acquisition Proposal.

(b) In the event that Holdings is otherwise entitled to provide information to a Receiving Party under Section 6.6(a), Holdings may provide any Receiving Party with any non-public information or data pertaining to Partners (the Partners Non-Public Information) only if Holdings has not knowingly and intentionally breached this Section 6.6 and then only if (i) the Holdings Audit Committee determines in good faith, after consultation with its outside legal counsel and financial advisors that the provision of such Partners Non-Public Information to the Receiving Party may reasonably be expected to lead to a Holdings Change in Recommendation and (ii) Holdings shall have first (A) required the Receiving Party to execute a Confidentiality Agreement, (B) furnished a copy of such Confidentiality Agreement to Partners and (C) notified Partners of the identity of such Receiving Party. Holdings shall promptly provide or make available to Partners any non-public information concerning Holdings or any of its Subsidiaries that is provided or made available to any Receiving Party pursuant to this Section 6.6 which was not previously provided or made available to Partners. Partners shall provide to Holdings and any Receiving Party that has executed a

Confidentiality Agreement any Partners Non-Public Information that Holdings reasonably requests in exercising its rights under this Section 6.6. Holdings shall not provide to any Receiving Party, and Partners shall not be required to provide to any Receiving Party, in each case pursuant to this Section 6.6, any

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information pertaining to Partners where Holdings knows that the provision of such information would (x) jeopardize the attorney-client privilege of the institution in possession or control of such information or (y) contravene any Law or binding agreement entered into prior to the date of this Agreement.

(c) Except as otherwise provided in this Section 6.6(c), neither the Holdings Audit Committee nor the Holdings GP Board shall: (i) (A) withdraw, modify or qualify in any manner adverse to Partners the Holdings Recommendation or (B) publicly approve or recommend, or publicly propose to approve or recommend, any Acquisition Proposal (any action described in this clause (i) being referred to as a Holdings Change in Recommendation ); or (ii) approve, adopt or recommend, or publicly propose to approve, adopt or recommend, or allow Holdings or any of its Subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement, or other similar contract or any tender or exchange offer providing for, with respect to, or in connection with, any Acquisition Proposal. Notwithstanding the foregoing, at any time prior to obtaining the Holdings Unitholder Approval, the Holdings Audit Committee may make a Holdings Change in Recommendation if it has concluded in good faith, after consultation with its outside legal counsel and financial advisors, that failure to make a Holdings Change in Recommendation would be inconsistent with its duties under the Holdings Partnership Agreement and applicable Law; *provided, however*, that (1) the Holdings Audit Committee shall not be entitled to exercise its right to make a Holdings Change in Recommendation pursuant to this sentence unless Holdings and Holdings GP have: (x) complied in all material respects with this Section 6.6, (y) provided to Partners and the Partners Audit Committee two Business Days prior written notice (such notice, a Notice of Proposed Recommendation Change ) advising Partners that the Holdings GP Audit Committee intends to take such action and specifying the reasons therefor in reasonable detail, including, if applicable, the terms and conditions of any Superior Proposal that is the basis of the proposed action and the identity of the Person making the proposal (it being understood and agreed that any amendment to the terms of any such Superior Proposal shall require a new Notice of Proposed Recommendation Change and an additional two Business Day period), and (z) if applicable, provided to Partners all materials and information delivered or made available to the Person or group of persons making any Superior Proposal in connection with such Superior Proposal (to the extent not previously provided), and (2) the Holdings Audit Committee shall not be entitled to make a Holdings Change in Recommendation in response to an Acquisition Proposal unless such Acquisition Proposal constitutes a Superior Proposal. Any Holdings Change in Recommendation shall not invalidate the approval of this Agreement or any other approval of the Holdings Audit Committee, including in any respect that would have the effect of causing any state (including Delaware) corporate takeover statute or other similar statute to be applicable to the transactions contemplated hereby or thereby, including the Merger. Notwithstanding any provision in this Agreement to the contrary, Partners and Partners GP shall maintain, and cause their Representatives to maintain, the confidentiality of all information received from Holdings pursuant to this Section 6.6, subject to the exceptions contained in the Confidentiality Agreement. Notwithstanding anything in this Agreement to the contrary, for the purposes of this Section 6.6(c), without the prior written consent of the Partners Audit Committee, no Acquisition Proposal shall constitute a Superior Proposal if such Acquisition Proposal is conditioned on completion of a Partners Acquisition Proposal that would require Special Approval as defined in and required under the Partners Existing Partnership Agreement.

(d) In addition to the obligations of Holdings set forth in this Section 6.6, Holdings shall as promptly as practicable (and in any event within 24 hours after receipt) advise Partners orally and in writing of any Acquisition Proposal or any matter giving rise to a Holdings Change in Recommendation and the material terms and conditions of any such Acquisition Proposal or any matter giving rise to a Holdings Change in Recommendation (including any changes thereto) and the identity of the Person making any such Acquisition Proposal. Holdings shall keep Partners informed on a reasonably current basis of material developments with respect to any such Acquisition Proposal or any matter giving rise to a Holdings Change in Recommendation.

(e) Nothing contained in this Agreement shall prevent Holdings or the Holdings Audit Committee from taking and disclosing to the holders of Units a position contemplated by Rule 14d-9 and Rule 14e-2(a) promulgated under the Exchange Act (or any similar communication to limited partners of Holdings) or from making any legally required disclosure to holders of Units. Any stop-look-and-listen communication by

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Holdings or the Holdings GP Board to the limited partners of Holdings pursuant to Rule 14d-9(f) promulgated under the Exchange Act (or any similar communication to the limited partners of Holdings) shall not be considered a failure to make, or a withdrawal, modification or change in any manner adverse to Partners of, all or a portion of the Holdings Recommendation.

Section 6.7 *Affiliate Arrangements.*

(a) Not later than the 15th day after the mailing of the Proxy Statement/Prospectus, Holdings shall deliver to Partners a schedule listing each person that, to the best of its knowledge, is or is reasonably likely to be, as of the date of the Holdings Meeting, deemed to be an affiliate of Holdings (a Rule 145 Affiliate ) as that term is used in Rule 145 under the Securities Act.

(b) Holdings shall use its commercially reasonable best efforts to cause its Rule 145 Affiliates not to sell any securities received under the Merger in violation of the registration requirements of the Securities Act, including Rule 145 thereunder.

Section 6.8 *Takeover Laws.* Neither Holdings nor Partners shall take any action that would cause the transactions contemplated by this Agreement to be subject to requirements imposed by any Takeover Laws, and each of them shall take all necessary steps within its control to exempt (or ensure the continued exemption of) the transactions contemplated by this Agreement from, or if necessary challenge the validity or applicability of, any rights plan adopted by such party or any applicable Takeover Law, as now or hereafter in effect, including Takeover Laws of any state that purport to apply to this Agreement or the transactions contemplated hereby.

Section 6.9 *No Rights Triggered.* Each of Holdings and Partners shall take all steps necessary to ensure that the entering into of this Agreement and the consummation of the transactions contemplated hereby and any other action or combination of actions, or any other transactions contemplated hereby, do not and will not result in the grant of any Rights to any person (a) in the case of Holdings, under the Holdings Partnership Agreement, and, in the case of Partners, under the Partners Existing Partnership Agreement or (b) under any material agreement to which it or any of its Subsidiaries is a party.

Section 6.10 *New Common Units Listed.* In the case of Partners, Partners shall use its commercially reasonable best efforts to list, prior to the Closing, on the NYSE, upon official notice of issuance, New Common Units.

Section 6.11 *Third-Party Approvals; Holdings Credit Agreement.*

(a) Partners and Holdings and their respective Subsidiaries shall cooperate and use their respective commercially reasonable best efforts to prepare all documentation, to effect all filings, to obtain all permits, consents, approvals and authorizations of all Governmental Authorities and third parties necessary to consummate the transactions contemplated by this Agreement and to comply with the terms and conditions of such permits, consents, approvals and authorizations and to cause the Merger to be consummated and the Partners Amended and Restated Partnership Agreement to be effective as expeditiously as practicable. Each of Partners and Holdings shall have the right to review in advance, and to the extent practicable each will consult with the other, in each case subject to applicable Laws relating to the exchange of information, with respect to, all material written information submitted to any third party or any Governmental Authorities in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto agrees to act reasonably and promptly. Each party hereto agrees that it will consult with the Other Parties with respect to the obtaining of all material permits, consents, approvals and authorizations of all third parties and Governmental Authorities necessary or advisable to consummate the transactions contemplated by this Agreement, and each party will keep the Other Parties apprised of the status of material matters relating to completion of the transactions contemplated hereby.

(b) Each of Partners and Holdings agrees, upon request, to furnish the other party with all information concerning itself, its Subsidiaries, directors, officers and unitholders and such other matters as may be reasonably necessary or advisable in connection with the Registration Statement, the Proxy Statement/

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Prospectus or any filing, notice or application made by or on behalf of such other party or any of such other party's Subsidiaries to any Governmental Authority in connection with the transactions contemplated hereby.

(c) Without limiting the foregoing, Partners shall, and shall cause each of its Subsidiaries to, use its commercially reasonable efforts to, on or prior to the Closing Date, (i) amend or refinance the EPO Credit Agreement and the DEP Credit Agreements in a form reasonably satisfactory to Partners in order for the Merger and the transactions contemplated hereby not to constitute a default under the EPO Credit Agreement, the DEP Credit Agreements or any of the other loan documents related to such credit agreements and (ii) obtain financing satisfactory to it in order to pay, and to pay, all amounts outstanding under the Holdings Credit Agreement unless otherwise consented to by lenders under the Holdings Credit Agreement.

(d) Holdings shall, and shall cause each of its Subsidiaries to, cause the satisfaction on or prior to the Closing Date of (or secure the lenders' waiver of) all Holdings obligations required under the Holdings Credit Agreement to be satisfied on or prior to the Closing Date.

*Section 6.12 Indemnification; Directors and Officers Insurance.*

(a) Without limiting any additional rights that any director, officer, trustee, employee, agent, or fiduciary may have under any employment or indemnification agreement or under the Holdings Partnership Agreement, the Holdings GP LLC Agreement, or this Agreement or, if applicable, similar organizational documents or agreements of any of Holdings' Subsidiaries, from and after the Effective Time, New Partners GP, Partners and the Surviving Entity, jointly and severally, shall: (i) indemnify and hold harmless each person who is at the date hereof or during the period from the date hereof through the date of the Effective Time serving as a director or officer of Holdings GP or Partners GP or of any of their respective Subsidiaries or as a trustee of (or in a similar capacity with) any Compensation and Benefit Plan of any thereof (collectively, the Indemnified Parties) to the fullest extent authorized or permitted by applicable Law, as now or hereafter in effect, in connection with any Claim and any losses, claims, damages, liabilities, costs, Indemnification Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of any thereof) resulting therefrom; and (ii) promptly pay on behalf of or, within 10 days after any request for advancement, advance to each of the Indemnified Parties, any Indemnification Expenses incurred in defending, serving as a witness with respect to or otherwise participating with respect to any Claim in advance of the final disposition of such Claim, including payment on behalf of or advancement to the Indemnified Party of any Indemnification Expenses incurred by such Indemnified Party in connection with enforcing any rights with respect to such indemnification and/or advancement, in each case without the requirement of any bond or other security. The indemnification and advancement obligations of New Partners GP, Partners and the Surviving Entity pursuant to this Section 6.12(a) shall extend to acts or omissions occurring at or before the Effective Time and any Claim relating thereto (including with respect to any acts or omissions occurring in connection with the approval of this Agreement and the consummation of the Merger and the transactions contemplated by this Agreement, including the consideration and approval thereof and the process undertaken in connection therewith and any Claim relating thereto), and all rights to indemnification and advancement conferred hereunder shall continue as to any Indemnified Party who has ceased to be a director or officer of Holdings GP or Partners GP after the date hereof and shall inure to the benefit of such person's heirs, executors and personal and legal representatives. As used in this Section 6.12(a): (x) the term Claim means any threatened, asserted, pending or completed action, whether instituted by any party hereto, any Governmental Authority or any other person, that any Indemnified Party in good faith believes might lead to the institution of any action or proceeding, whether civil, criminal, administrative, investigative or other, including any arbitration or other alternative dispute resolution mechanism ( Action ), arising out of or pertaining to matters that relate to such Indemnified Party's duties or service as a director or officer of Holdings GP or Partners GP or of any of their respective Subsidiaries or as a trustee of (or in a similar capacity with) any Compensation and Benefit Plan of any thereof; and (y) the term Indemnification Expenses means reasonable attorneys' fees and all other reasonable costs, expenses and obligations (including experts' fees, travel

expenses, court costs, retainers, transcript fees, duplicating, printing and binding costs, as well as telecommunications, postage and courier charges) paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to investigate, defend, be a witness in or participate in, any Claim for

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which indemnification is authorized pursuant to this Section 6.12(a), including any Action relating to a claim for indemnification or advancement brought by an Indemnified Party. Neither New Partners GP nor Partners nor the Surviving Entity shall settle, compromise or consent to the entry of any judgment in any actual or threatened Action in respect of which indemnification has been or could be sought by such Indemnified Party hereunder unless such settlement, compromise or judgment includes an unconditional release of such Indemnified Party from all liability arising out of such Action without admission or finding of wrongdoing, or such Indemnified Party otherwise consents thereto.

(b) Without limiting the foregoing, Partners and MergerCo agree that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time now existing in favor of the Indemnitees as provided in the Holdings Partnership Agreement (or, as applicable, the charter, bylaws, partnership agreement, limited liability company agreement, or other organizational documents of any of Holdings Subsidiaries) and indemnification agreements of Holdings or any of its Subsidiaries shall be assumed by the Surviving Entity, Partners and New Partners GP in the Merger, without further action, at the Effective Time and shall survive the Merger and shall continue in full force and effect in accordance with their terms.

(c) For a period of six years from the Effective Time, the Partners Amended and Restated Partnership Agreement shall contain provisions no less favorable with respect to indemnification, advancement of expenses and limitations on liability of directors and officers than are set forth in the Holdings Partnership Agreement, which provisions shall not be amended, repealed or otherwise modified for a period of six years from the Effective Time in any manner that would affect adversely the rights thereunder of individuals who, at or prior to the Effective Time, were Indemnified Parties, unless such modification shall be required by Law and then only to the minimum extent required by Law.

(d) For a period of six years from the Effective Time, Partners shall, or shall cause EPCO to, maintain in effect the current directors and officers liability insurance policies covering the Indemnified Parties maintained by EPCO (but may substitute therefor other policies of at least the same coverage and amounts containing terms and conditions that are no less advantageous to the Indemnified Parties so long as that substitution does not result in gaps or lapses in coverage) with respect to matters occurring on or before the Effective Time, but neither Partners nor EPCO will be required to pay annual premiums in excess of 300% of the last annual premiums paid therefor prior to the date hereof and shall purchase as much coverage as is reasonably practicable for that amount if the coverage described in this Section 6.12(d) would cost in excess of that amount.

(e) If Partners, New Partners GP, the Surviving Entity or any of their respective successors or assigns (i) consolidates with or merges with or into any other person and shall not be the continuing or surviving corporation, partnership or other entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any person, then, and in each such case, proper provision shall be made so that the successors and assigns of Partners, New Partners GP or the Surviving Entity assume the obligations set forth in this Section 6.12.

(f) Partners and New Partners GP shall cause the Surviving Entity to perform all of the obligations of the Surviving Entity under this Section 6.12.

(g) This Section 6.12 shall survive the consummation of the Merger and is intended to be for the benefit of, and shall be enforceable by, the Indemnified Parties and the Indemnitees and their respective heirs and personal representatives, and shall be binding on Partners, New Partners GP, the Surviving Entity and their respective successors and assigns.

Section 6.13 *Notification of Certain Matters.* Each of Holdings and Partners shall give prompt notice to the other of (a) any fact, event or circumstance known to it that (i) is reasonably likely, individually or taken together with all other facts, events and circumstances known to it, to result in any Material Adverse Effect with respect to it or (ii) would cause or constitute a material breach of any of its representations, warranties, covenants or agreements

contained herein, and (b) (i) any change in its condition (financial or otherwise) or business or (ii) any litigation or governmental complaints, investigations or hearings, in each

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case to the extent such change, litigation, complaints, investigations, or hearings results in, or would reasonably be expected to result in, a Material Adverse Effect.

Section 6.14 *Rule 16b-3*. Prior to the Effective Time, Holdings shall take such steps as may be reasonably requested by any party hereto to cause dispositions of Holdings equity securities (including derivative securit