

Energy Transfer Partners, L.P.
Form PRE 14A
October 10, 2014
Table of Contents

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

SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

ENERGY TRANSFER PARTNERS, L.P.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

 - (2) Aggregate number of securities to which transaction applies:

 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

(4) Date Filed:

Table of Contents

Energy Transfer Partners, L.P.

3738 Oak Lawn Ave.

Dallas, Texas 75219

October , 2014

To our common unitholders:

You are cordially invited to attend a special meeting of the common unitholders of Energy Transfer Partners, L.P. (ETP or the Partnership) to be held at The Warwick Melrose Hotel, 3015 Oak Lawn Avenue, Dallas, Texas 75219 on , 2014, at 9:00 a.m., Dallas, Texas time. The board of directors of Energy Transfer Partners, L.L.C. (the Company), the general partner of Energy Transfer Partners GP, L.P. (the General Partner), our general partner, which we refer to as our Board, has called the special meeting. At this important meeting, you will be asked to consider and vote upon the following proposals:

a proposal (the LTIP Proposal) to approve the Second Amended and Restated Energy Transfer Partners, L.P. 2008 Long-Term Incentive Plan (the Restated LTIP), which, among other things, provides for an increase in the maximum number of common units reserved and available for delivery with respect to awards under the Amended and Restated Energy Transfer Partners, L.P. 2008 Long-Term Incentive Plan (the Current LTIP) by 5,000,000 common units; and

a proposal (the Adjournment Proposal) to approve the adjournment of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the LTIP Proposal.

Our Board has approved the Restated LTIP. Our Board believes that the Restated LTIP is in the best interests of our unitholders and the Partnership and unanimously recommends that the unitholders approve the Restated LTIP.

The Current LTIP permits us to issue a maximum of 5,000,000 of our common units with respect to awards under the Current LTIP. As of September 29, 2014, awards for approximately 4,650,000 common units had been granted and approximately 350,000 common units remained available for issuance with respect to awards under the Current LTIP. We expect all of these remaining common units available for grant will be awarded in 2014 and, therefore, we are seeking approval to provide for, among other things, additional common units for awards to employees of the Partnership, the Company, the General Partner or their affiliates, and the members of our Board under the Restated LTIP. A copy of the Restated LTIP is attached to this proxy statement as Exhibit A.

Your vote is very important. Even if you plan to attend the special meeting, we urge you to vote your common units electronically, via the Internet or by telephone, or by submitting your marked, signed and dated proxy card. You will retain the right to revoke it at any time before the vote, or to vote your common units personally if you attend the special meeting. The proxy provides unitholders the opportunity to vote on the LTIP Proposal and the Adjournment Proposal. Voting your common units electronically, via the Internet or by telephone, or by submitting a proxy card will not prevent you from attending the special meeting and voting in person. Please note, however, that if you hold your common units through a broker or other nominee, and you wish to vote in person at the special meeting, you

must obtain from your broker or other nominee a proxy issued in your name.

The Restated LTIP will not be effective unless approved by the unitholders. A quorum of more than 50% of our outstanding common units present in person or by proxy will permit us to conduct the proposed business at the special meeting. Our partnership agreement does not require that we present the Restated LTIP to our

Table of Contents

unitholders for approval. However, under the rules of the New York Stock Exchange, the Restated LTIP requires the approval of a majority of the votes cast by our unitholders. Approval of the Adjournment Proposal requires the approval of a majority of the outstanding common units that are represented either in person or by proxy at the special meeting.

Our Board unanimously recommends that the common unitholders vote FOR the LTIP Proposal and FOR the Adjournment Proposal.

I urge you to review carefully the attached proxy statement, which contains a detailed description of the LTIP Proposal and the Adjournment Proposal to be voted upon at the special meeting.

Sincerely,

KELCY L. WARREN

Chief Executive Officer of

Energy Transfer Partners, L.L.C.

on behalf of Energy Transfer Partners, L.P.

Table of Contents

ENERGY TRANSFER PARTNERS, L.P.

3738 Oak Lawn Ave.

Dallas, Texas 75219

NOTICE OF SPECIAL MEETING OF COMMON UNITHOLDERS

To Be Held On _____, 2014

To our common unitholders:

A special meeting of our common unitholders will be held at The Warwick Melrose Hotel, 3015 Oak Lawn Avenue, Dallas, Texas 75219 on _____, 2014, at 9:00 a.m., Dallas, Texas time. At the meeting, our unitholders will act on a proposal (the LTIP Proposal) to approve the Second Amended and Restated Energy Transfer Partners, L.P. 2008 Long-Term Incentive Plan (the Restated LTIP), which, among other things, provides for an increase in the maximum number of common units reserved and available for delivery with respect to awards under the Amended and Restated Energy Transfer Partners, L.P. 2008 Long-Term Incentive Plan (the Current LTIP) by 5,000,000 common units. A copy of the Restated LTIP is attached to this proxy statement as Exhibit A. Our common unitholders may also act on a proposal to approve the adjournment of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the Restated LTIP (the Adjournment Proposal).

The proxy provides common unitholders the opportunity to vote on the LTIP Proposal. However, the Restated LTIP will not become effective unless approved by the unitholders. A quorum of more than 50% of our outstanding common units present in person or by proxy will permit us to conduct the proposed business at the special meeting. Our partnership agreement does not require that we submit the Restated LTIP to common unitholders for a vote. However, under the rules of the New York Stock Exchange, the Restated LTIP requires the approval of a majority of the votes cast by our unitholders. Approval of the Adjournment Proposal requires the approval of a majority of the outstanding common units that are represented either in person or by proxy at the special meeting.

We have set the close of business on October 13, 2014 as the record date for determining which common unitholders are entitled to receive notice of and to vote at the special meeting and any postponements or adjournments thereof. A list of common unitholders entitled to vote is on file at our principal offices, 3738 Oak Lawn Avenue, Dallas, Texas 75219, and will be available for inspection by any unitholder during the meeting.

Your Vote is Very Important. If you cannot attend the special meeting, you may vote your common units electronically, via the Internet or by telephone or, by mailing the proxy card in the enclosed postage-prepaid envelope. Any common unitholder attending the meeting may vote in person, even though he or she already has returned a proxy card.

BY ORDER OF THE BOARD OF DIRECTORS

OF ENERGY TRANSFER PARTNERS, L.L.C.,

the general partner of ENERGY TRANSFER

PARTNERS GP, L.P.,

the general partner of ENERGY

TRANSFER PARTNERS, L.P.

THOMAS P. MASON

Senior Vice President, General Counsel and Secretary

Energy Transfer Partners, L.L.C.

Dallas, Texas

October , 2014

Table of Contents

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROXY STATEMENT. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. THIS PROXY STATEMENT IS DATED OCTOBER , 2014.

YOU SHOULD ASSUME THAT THE INFORMATION CONTAINED IN THIS PROXY STATEMENT IS ACCURATE AS OF THAT DATE ONLY. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THAT DATE.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE SPECIAL
MEETING TO BE HELD ON , 2014**

**The Notice of Special Meeting of Common Unitholders and the Proxy Statement for
the Special Meeting are available at <http://www.energytransfer.com>.**

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS</u>	1
<u>THE PARTNERSHIP</u>	5
<u>PROPOSAL TO APPROVE THE SECOND AMENDED AND RESTATED ENERGY TRANSFER PARTNERS, L.P. 2008 LONG-TERM INCENTIVE PLAN</u>	6
<u>DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY AND CORPORATE GOVERNANCE</u>	11
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	14
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	16
<u>EXECUTIVE COMPENSATION</u>	17
<u>PROPOSAL TO APPROVE THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES</u>	31
<u>THE SPECIAL MEETING</u>	32
<u>HOUSEHOLDING MATTERS</u>	34
<u>WHERE YOU CAN FIND MORE INFORMATION ABOUT US</u>	34
<u>EXHIBIT A</u>	A-1

Table of Contents

ENERGY TRANSFER PARTNERS, L.P.

3738 Oak Lawn Ave.

Dallas, Texas 75219

PROXY STATEMENT

SPECIAL MEETING OF COMMON UNITHOLDERS

, 2014

This proxy statement contains information related to the special meeting of common unitholders of Energy Transfer Partners, L.P. (the Partnership) and any postponements or adjournments thereof. This proxy statement and the accompanying proxy are first being mailed to our unitholders on or about October , 2014.

QUESTIONS AND ANSWERS

The following is qualified in its entirety by the more detailed information contained in or incorporated by reference in this proxy statement. Common unitholders are urged to read carefully this proxy statement in its entirety. **FOR ADDITIONAL COPIES OF THIS PROXY STATEMENT OR PROXY CARDS, OR IF YOU HAVE ANY QUESTIONS ABOUT THE SPECIAL MEETING, PLEASE CONTACT OUR PROXY SOLICITOR, INNISFREE M&A INCORPORATED, TOLL-FREE AT 1-877-456-3427.**

Q: Who is soliciting my proxy?

A: Our board of directors (the Board) is sending you this proxy statement in connection with its solicitation of proxies for use at our special meeting of common unitholders. Certain directors, officers and employees of Energy Transfer Partners, L.L.C. (the Company), the general partner of Energy Transfer Partners GP, L.P., our general partner (the General Partner), and Innisfree M&A Incorporated (a proxy solicitor) may also solicit proxies on our behalf by mail, phone, fax or in person.

Q: How will my proxy be voted?

A: Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote all executed proxy cards in accordance with the recommendations of the Board of our General Partner (which we refer to as our Board), which is to vote FOR:

a proposal (the LTIP Proposal) to approve the Second Amended and Restated Energy Transfer Partners, L.P. 2008 Long-Term Incentive Plan (the Restated LTIP); and

a proposal to approve the adjournment of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to approve the LTIP Proposal (the Adjournment Proposal).

With respect to any other matter that properly comes before the special meeting, the proxy holders will vote as recommended by the Board, or, if no recommendation is given, in their own discretion.

Q: When and where is the special meeting?

A: The special meeting will be held on _____, 2014, at 9:00 a.m., Dallas, Texas time at The Warwick Melrose Hotel, 3015 Oak Lawn Avenue, Dallas, Texas 75219.

However, if the Adjournment Proposal is approved by the affirmative vote of a majority of the outstanding common units that are represented either in person or by proxy at the special meeting, the meeting may be adjourned to another date and/or place for the purpose of soliciting additional proxies even if a quorum is present. Our partnership agreement provides that, in the absence of a quorum, the special meeting may be adjourned from time to time by the affirmative vote of a majority of the outstanding common units represented either in person or by proxy.

Table of Contents

Q: What is the purpose of the special meeting?

A: At the special meeting, our unitholders will act upon the LTIP Proposal, which, among other things, provides for an increase in the maximum number of common units reserved and available for delivery with respect to awards under the Amended and Restated Energy Transfer Partners, L.P. 2008 Long-Term Incentive Plan (the Current LTIP) by 5,000,000 common units. A copy of the Restated LTIP is attached to this proxy statement as Exhibit A. Our common unitholders will also act on the Adjournment Proposal.

Q: Who is entitled to vote at the special meeting?

A: All common unitholders who owned our common units at the close of business on the record date, October 13, 2014, are entitled to receive notice of the special meeting and to vote the common units that they held on the record date at the special meeting, or any postponements or adjournments of the special meeting. Each unitholder that attends the special meeting may be asked to present valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the special meeting.

Q: How do I vote?

A: If you are a unitholder of record at the close of business on the record date, you may vote your common units by proxy in advance of the special meeting by any of the following methods:

Internet. You may visit the Internet address listed on your proxy card. Internet voting procedures have been established to verify your identity and to confirm your voting instructions. Please have your proxy card available when you visit the Internet address.

Telephone. You may call the toll-free telephone number listed on your proxy card. Telephone voting procedures have been established to verify your identity, to allow you to provide proxy voting instructions and to confirm that your instructions were accurately recorded. Please have your proxy card available when you call.

Mail. You may mail your completed, signed and dated proxy card in the enclosed postage-paid return envelope.

If you mail in your proxy card, it must be received by the Partnership before the voting polls close at the special meeting.

You may also attend the special meeting and vote your common units in person. Even if you plan to attend the special meeting, please vote your proxy in advance of the special meeting (by Internet, telephone or mail, as described above) as soon as possible so that your common units will be represented at the special meeting if for any reason you are unable to attend in person.

If you are a beneficial owner of common units held in street name, you must either direct your broker or other nominee as to how to vote your common units, or obtain a legal proxy from your broker or other nominee to vote at the special meeting. Please refer to the voter instruction cards provided by your broker or other nominee for specific instructions on methods of voting.

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

A: No. The New York Stock Exchange (NYSE) rules prohibit your broker or other nominee from exercising voting discretion with respect to the matters to be acted upon at the special meeting. Thus, you must give your broker or other nominee specific instructions in order for your common units to be voted.

Table of Contents

Q: What do I do if I want to change my vote?

A: If you are a unitholder of record at the close of business on the record date, you may change your vote at any time before the voting polls close at the special meeting by:

submitting a proxy with new voting instructions using the Internet or telephone voting system;

delivering a later-dated, executed proxy card to the Secretary of the Company, the general partner of our General Partner, 3738 Oak Lawn Avenue, Dallas, Texas 75219;

delivering a written notice of revocation of your proxy to the Secretary of the Company, 3738 Oak Lawn Avenue, Dallas Texas, 75219; or

attending the special meeting and voting in person. Please note that attendance at the special meeting will not by itself (i.e., without also voting) revoke a previously granted proxy.

If you are a beneficial owner of common units held in street name and you have instructed your broker or other nominee to vote your common units, you must follow the procedure your broker or other nominee provides to change those instructions. You may also vote in person at the special meeting if you obtain a legal proxy from your broker or other nominee.

Q: What is the recommendation of the Board?

A: Our Board recommends that you vote FOR the LTIP Proposal and FOR the Adjournment Proposal. In addition, on October 2, 2014, our Board, including each of our directors who meet the independence requirements of the NYSE, unanimously approved the Restated LTIP.

Q: What constitutes a quorum?

A: If more than 50% of our outstanding common units on the record date are present in person or by proxy at the special meeting, such units will constitute a quorum and will permit us to conduct the proposed business at the special meeting. Your common 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 present for purposes of determining the presence of a quorum.

Q: What vote is required to approve the proposals?

A: Under the New York Stock Exchange Listed Company Manual, the Restated LTIP requires the approval of a majority of the votes cast by our common unitholders. Votes for and against and abstentions count as votes cast. Thus, abstentions have the effect of a vote against the LTIP Proposal.

The proxy provides unitholders the opportunity to vote on the LTIP Proposal. However, the Restated LTIP will not be effective unless approved by the unitholders.

Approval of the Adjournment Proposal requires the approval of a majority of the outstanding common units that are represented either in person or by proxy at the special meeting. Abstentions have the effect of a vote against the Adjournment Proposal.

A properly executed proxy submitted without voting instructions will be voted (except to the extent that the authority to vote has been withheld) FOR the LTIP Proposal and FOR the Adjournment Proposal.

Q: What happens if the LTIP Proposal is approved?

A: We will use the Restated LTIP to reward and incentivize our employees, officers and directors. The Restated LTIP will be administered under the direction of the compensation committee of our Board.

Table of Contents

Q: What happens if the LTIP Proposal is not approved?

A: After using all units available under the Current LTIP, we would be unable to issue any further grants under such plan because the rules of the New York Stock Exchange require unitholder approval of any new equity compensation plans or any material revisions to existing plans. Without an equity compensation plan, it will be more difficult to attract and retain the services of qualified employees, officers and directors.

Q: Who can I contact for further information?

A: If you have questions about the special meeting or how to vote your shares, please contact:

INNISFREE M&A INCORPORATED

501 Madison Avenue, 20th Floor

New York, New York, 10022

Unitholders May Call:

1 (877) 456-3427 (Toll-Free from the US and Canada)

1 (412) 232-3651 from other locations

Table of Contents

THE PARTNERSHIP

We are a publicly traded master limited partnership that owns and operates one of the largest (in terms of equity market capitalization) and most diversified portfolio of energy assets in the United States. The primary activities in which we are engaged, all of which are in the United States, are as follows: (i) natural gas operations, including (a) natural gas midstream and intrastate transportation and storage and (b) interstate natural gas transportation and storage; (ii) liquids transportation, storage and fractionation services; and (iii) refined product and crude oil operations, including (a) refined product and crude oil transportation and (b) retail marketing of gasoline and middle distillates.

We are a limited partnership formed under the laws of the State of Delaware. Our common units are listed on the New York Stock Exchange under the ticker symbol ETP. Our executive offices are located at 3738 Oak Lawn Avenue, Dallas, Texas 75219. Our telephone number is (214) 981-0700. We maintain a website at <http://www.energytransfer.com> that provides information about our business and operations.

As a limited partnership, we are managed by our general partner, Energy Transfer Partners GP, L.P., which in turn is managed by its general partner, Energy Transfer Partners, L.L.C, which is wholly-owned by Energy Transfer Equity, L.P. (ETE). Energy Transfer Partners, L.L.C. is ultimately responsible for the business and operations of our general partner and conducts our business and operations, and the Board and officers of Energy Transfer Partners, L.L.C. make decisions on our behalf.

Table of Contents

**PROPOSAL TO APPROVE THE SECOND AMENDED AND RESTATED ENERGY TRANSFER
PARTNERS, L.P. 2008 LONG-TERM INCENTIVE PLAN**

Our Board has approved the Second Amended and Restated Energy Transfer Partners, L.P. 2008 Long-Term Incentive Plan (the *LTIP*), which we refer to as the *Restated LTIP*, subject to the approval of our unitholders. The *LTIP* is integral to our compensation strategy and our Board believes that increasing the aggregate number of common units that may be delivered with respect to awards under the *LTIP* will provide the flexibility that we need to keep pace with our competitors and for the Partnership to effectively recruit, motivate and retain the caliber of employees and directors essential for our success. Accordingly, the *Restated LTIP* (i) authorizes an additional 5,000,000 common units to be available for delivery with respect to awards under the *LTIP*, (ii) adds a prohibition on repricing of unit options and unit appreciation rights without approval of our unitholders, except in the case of adjustments implemented to reflect certain Partnership transactions (iii) extends the term of the plan to October 1, 2024 and (iv) incorporates certain other non-material ministerial changes. While we are cognizant of the potential dilutive effect of compensatory unit awards, we also recognize the significant motivational, retention and performance benefits that are achieved from making awards under the *LTIP*.

Description of the Restated LTIP

The description of the *Restated LTIP* set forth below is a summary of the material features of the *Restated LTIP*. This summary, however, does not purport to be a complete description of all the provisions of the *Restated LTIP*. The summary is qualified in its entirety by reference to the *Restated LTIP*, a copy of which is attached hereto as Exhibit A and incorporated herein by reference.

The purpose of the *Restated LTIP* is to promote our interests by providing incentive compensation awards that encourage superior performance. The *Restated LTIP* is also intended to enhance the ability of our General Partner to attract and retain the services of individuals who are essential for our growth and profitability and to encourage those individuals to devote their best efforts to advancing our business.

Common Units Subject to the Restated LTIP

If the *Restated LTIP* is approved by our unitholders, the maximum number of common units that may be delivered with respect to awards under the *Restated LTIP* will be increased by 5,000,000 common units.

As is the case under the current *LTIP*, the common units to be delivered under the *Restated LTIP* may be units otherwise issuable by the Partnership, units acquired in the open market and/or from any person. To the extent that an award terminates or is cancelled prior to and without the delivery of common units (or if an award is forfeited), the units subject to the award may be used again with respect to new awards granted under the *Restated LTIP*.

Administration

Like the current *LTIP*, the *Restated LTIP* will generally be administered by the Compensation Committee of our Board (the *Committee*). The *Committee* has the full authority, subject to the terms of the *Restated LTIP*, to establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the *Restated LTIP*, to designate participants under the *Restated LTIP*, to determine the number of units to be covered by awards, to determine the type or types of awards to be granted to a participant, and to determine the terms and conditions of any award.

Eligibility

All employees and directors of our General Partner and its affiliates that perform services for us are eligible to be selected to participate in the Restated LTIP. The selection of which eligible individuals will receive awards is within the sole discretion of the Committee.

Table of Contents

Term of the Restated LTIP

The term of the Restated LTIP will expire on the earlier of (1) the date it is terminated by our Board; (2) the date common units are no longer available under the Restated LTIP for delivery pursuant to awards; and (3) the tenth anniversary of our Board's approval of the Restated LTIP.

Awards under the Restated LTIP

Unit Options and Unit Appreciation Rights. Unit options represent the right to purchase a number of common units at a specified exercise price. Unit appreciation rights represent the right to receive the appreciation in the value of a number of common units as of the exercise date over a specified exercise price, either in cash or in common units, as determined in the discretion of the Committee. Unit options and unit appreciation rights may be granted to such eligible individuals and with such terms as the Committee may determine, consistent with the terms of the Restated LTIP; however, the exercise price of a unit option or unit appreciation right generally must be equal to or greater than the fair market value of a common unit on the date of grant.

Restricted Units and Phantom Units. A restricted unit is a common unit that is subject to forfeiture while it remains unvested. Upon vesting, the forfeiture restrictions lapse and the participant holds a common unit that is not subject to forfeiture. A phantom unit is a notional unit that entitles the participant to receive a common unit upon the vesting of the phantom unit (or on a deferred basis upon specified future dates or events) or, in the discretion of the Committee, cash equal to the fair market value of a common unit. The Committee may make grants of restricted and phantom units under the Restated LTIP that contain such terms, consistent with the Restated LTIP, as the Committee may determine are appropriate, including the period over which restricted or phantom units will vest. The Committee may, in its discretion, base vesting on the participant's completion of a period of service or upon the achievement of specified performance criteria or as otherwise set forth in an award agreement. Distributions made by us with respect to awards of restricted units may be subject to the same vesting requirements as the restricted units. The Committee, in its discretion, may also grant tandem distribution equivalent rights with respect to phantom units.

Unit Awards. A unit award is an award of common units that are fully vested upon grant and are not subject to forfeiture. Unit awards may be paid in addition to, or in lieu of, cash or other compensation that would otherwise be payable to a participant. A unit award may be wholly discretionary in amount or it may be paid with respect to a bonus or other incentive compensation award, the amount of which is determined based on the achievement of performance criteria or other factors.

Other Unit-Based Awards. The Restated LTIP also permits the grant of other unit-based awards, which are awards that, in whole or in part, are valued or based on or related to the value of a common unit. The vesting of an other unit-based award may be based on a participant's continued service, the achievement of specified performance criteria or other measures. On vesting (or on a deferred basis upon specified future dates or events), an other unit-based award may be paid in cash and/or in units, as determined by the Committee.

Adjustments

Upon the occurrence of any equity restructuring event that could result in an additional compensation expense under Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC Topic 718) if adjustments to awards with respect to such event were discretionary, the Committee will (a) equitably adjust the number and type of common units covered by each outstanding award and the terms and conditions of such award to equitably reflect the restructuring event and (b) adjust the number and type of common units with respect to which future awards may be granted under the Restated LTIP. Upon the occurrence of a similar event that would not result in

a FASB ASC Topic 718 accounting charge if adjustments to awards were discretionary, (i) the Committee will have complete discretion to adjust awards in the manner it deems appropriate and (ii) in the event the Committee makes any such adjustments, a corresponding and proportionate adjustment will be made with respect to the maximum number of common units available under the Restated LTIP and the kind of units or other securities available for grant under the Restated LTIP.

Table of Contents

Miscellaneous

Our Board or the Committee may amend or modify the Restated LTIP at any time; provided, however, that unitholder approval will be obtained for any amendment to the Restated LTIP to the extent necessary to comply with any applicable law, regulation or securities exchange rule. The Committee may also amend any outstanding award made under the Restated LTIP, provided that no change in any outstanding award may be made that would materially reduce the rights or benefits of the participant without the consent of the affected participant.

Repricing of unit options and unit appreciation rights, directly or indirectly, is prohibited under the Restated LTIP without approval of our unitholders, except in the case of adjustments implemented to reflect certain Partnership transactions.

United States Federal Income Tax Consequences

The following discussion is for general information only and is intended to summarize briefly the United States federal tax consequences to participants arising from participation in the Restated LTIP. This description is based on current law, which is subject to change (possibly retroactively). The tax treatment of participants in the Restated LTIP may vary depending on the particular circumstances and may, therefore, be subject to special rules not discussed below. No attempt has been made to discuss any potential foreign, state, or local tax consequences. In addition, unit options or unit appreciation rights that provide for a deferral of compensation within the meaning of Section 409A of the Internal Revenue Code (Section 409A), phantom units, and certain other awards that may be granted pursuant to the Restated LTIP could be subject to additional taxes unless they are designed to comply with certain restrictions set forth in Section 409A and the guidance promulgated thereunder.

Unit Options and Unit Appreciation Rights

Participants will not realize taxable income upon the grant of a unit option or a unit appreciation right. Upon the exercise or, if later, the settlement of a unit option or a unit appreciation right, the participant will recognize ordinary compensation income in an amount equal to the excess of (i) the amount of cash or the fair market value of the common units received over (ii) the exercise price (if any) paid therefor. A participant will generally have a tax basis in any common units received pursuant to the exercise of a unit appreciation right, or pursuant to the cash exercise of a unit option, that equals the fair market value of the common units on the date of exercise. Subject to the discussion under *Tax Code Limitations on Deductibility* below, we or one of our affiliates will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules.

When a participant sells the common units acquired as a result of the exercise of a unit option or unit appreciation right, any appreciation (or depreciation) in the value of the common units after the exercise date is treated as long- or short-term capital gain (or loss) for federal income tax purposes, depending on the holding period. The common units must be held for more than 12 months in order to qualify for long-term capital gain treatment.

The Restated LTIP allows the Committee to permit the transfer of awards in limited circumstances. The Internal Revenue Service (the IRS) has not provided formal guidance on, nor even specifically addressed, the income tax consequences of a transfer of options or UARs. However, the IRS has informally indicated that after a transfer of stock options (other than to a former spouse pursuant to a domestic relations order), the transferor will recognize income, which will be subject to withholding, and FICA/FUTA taxes will be collectible at the time the transferee exercises the stock option. If stock options are transferred to a former spouse pursuant to a domestic relations order, the transferee will recognize ordinary income upon exercise by the transferee, which will be subject to withholding,

and FICA/FUTA taxes (attributable to and reported with respect to the transferor) will be collectible from the transferee at such time. Unit options granted under the Restated LTIP and that are transferred will likely be subject to the same tax treatment. The transfer of a unit option may also result in gift tax consequences to a participant.

Table of Contents

Phantom Units, Restricted Units and Other Awards

A participant will not have taxable income at the time of a grant of an award in the form of a phantom unit, but rather, will generally recognize ordinary compensation income at the time he receives common units or a cash payment in settlement of the phantom unit in an amount equal to the fair market value of the common units or cash payment received, whichever is applicable. In addition, the participant will be subject to ordinary income tax upon the payment of a distribution equivalent right. In general, a participant will recognize ordinary compensation income as a result of the receipt of common units pursuant to a restricted unit award or a unit award in an amount equal to the fair market value of the common units when the common units are received over the amount, if any, paid for such units, provided that if the common units are not transferable or are subject to a substantial risk of forfeiture when received, the participant will recognize ordinary compensation income in an amount equal to such excess based on the fair market value of common units (i) when the common units first become transferable or are no longer subject to a substantial risk of forfeiture, in cases where a participant does not make a valid election under Section 83(b) of the Internal Revenue Code (Section 83(b)) or (ii) when the common units are received, in cases where a participant makes a valid election under Section 83(b).

A participant who is an employee will be subject to withholding for federal, and generally for state and local, income taxes at the time he recognizes income under the rules described above with respect to common units or cash received. Directors must make their own arrangements for satisfying any tax obligations they may incur in connection with the receipt of an award under the Restated LTIP. Distributions that are received by a participant prior to the time that the common units underlying an award are taxed to the participant under the rules described in the preceding paragraph are taxed as additional compensation, not as distributions on common units. The tax basis in the common units received by a participant will equal the amount recognized by him as compensation income under the rules described in the preceding paragraph plus the amount, if any, paid for the common units, and the participant's capital gains holding period in those common units will commence on the later of the date the common units are received or the restrictions lapse (provided that, if a valid election under Section 83(b) is made with respect to restricted units, then the holding period in such units will begin on the date of receipt of the units).

Subject to the discussion immediately below, we or one of our affiliates will be entitled to a deduction for federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by a participant under the foregoing rules.

Tax Code Limitations on Deductibility

In order for the amounts described above to be deductible by us or one of our affiliates, the amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses.

Table of Contents**Plan Benefits Under the Restated LTIP**

The awards, if any, that will be made to eligible persons under the Restated LTIP are subject to the discretion of the Committee and, therefore, we cannot currently determine the benefits or number of units subject to awards that may be granted in the future to eligible employees and directors under the Restated LTIP. Furthermore, because all awards under the Restated LTIP are discretionary, it is not possible to determine which awards would have been granted during the prior fiscal year had the Restated LTIP been in effect at that time. Therefore, a New Plan Benefits Table is not provided. However, the following table sets forth the number and dollar value of restricted units granted under the current LTIP to our Named Executive Officers and certain other groups in respect of services provided during 2013.

Name and Principal Position	Number of Units Underlying Awards	Dollar Value (\$)*
Kelcy L. Warren, Chief Executive Officer		
Martin Salinas, Jr., Chief Financial Officer	16,724	943,234
Marshall S. (Mackie) McCrea, III, President and Chief Operating Officer	69,375	3,912,750
Thomas P. Mason, Senior Vice President, General Counsel and Secretary	40,923	2,308,057
Richard Cargile, President of Midstream Operations	9,500	535,800
Executive Officers as a group, including the Named Executive Officers	136,522	7,699,841
All non-employee directors as a group	9,060	418,324
All non-executive officers and other employees as a group	898,770	50,249,167
Total	1,044,352	58,367,332

* The dollar values reflected in this column were calculated using the grant date fair value computed in accordance with FASB ASC Topic 718, disregarding any estimates of forfeitures.

Vote Required

Under the NYSE Manual, the approval of a majority of the votes cast by our common unitholders, is required to approve the LTIP Proposal. Votes for and against and abstentions count as votes cast. Thus, abstentions have the effect of a vote against the LTIP Proposal. A properly executed proxy submitted without voting instructions will be voted (except to the extent that the authority to vote has been withheld) **FOR** the LTIP Proposal.

Recommendation

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE LTIP PROPOSAL.

INTEREST OF DIRECTORS AND EXECUTIVE OFFICERS IN THE RESTATED LTIP

Our executive officers and employees, employees of our subsidiaries and the members of our board of directors will be eligible to receive awards under the Restated LTIP if it is approved. Accordingly, the members of our board of directors and our executive officers have a substantial interest in the approval of the LTIP Proposal.

Table of Contents

**DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY AND
CORPORATE GOVERNANCE**

Directors and Executive Officers of the Company

The following table sets forth certain information with respect to our executive officers and members of our Board as of October 10, 2014. Executive officers and directors are elected for one-year terms.

Name	Age	Position with The Company
Kelcy L. Warren	58	Chief Executive Officer and Chairman of the Board
Marshall S. (Mackie) McCrea, III	55	President, Chief Operating Officer and Director
Martin Salinas, Jr.	42	Chief Financial Officer
Jamie Welch	47	Director and ETE Group Chief Financial Officer and Head of Business Development
Thomas P. Mason	58	Senior Vice President, General Counsel and Secretary
Richard Cargile	55	President of Midstream Operations
Paul E. Glaske	81	Director
Ted Collins, Jr.	76	Director
Michael K. Grimm	59	Director
David K. Skidmore	59	Director

Messrs. Warren, McCrea and Welch also serve as directors of ETE's general partner.

Set forth below is biographical information regarding the foregoing officers and directors of the Company:

Kelcy L. Warren. Mr. Warren is the Chief Executive Officer and Chairman of the Board of the Company and has served in that capacity since August 2007. Prior to that, Mr. Warren had served as the Co-Chief Executive Officer and Co-Chairman of the Board of the Company since the combination of the midstream and intrastate transportation and storage operations of La Grange Acquisition, L.P. (ETC OLP) and the retail propane operations of Heritage Operating, L.P. (HOLP) in January 2004. Prior to the combination of the operations of ETC OLP and HOLP, Mr. Warren served as President of the general partner of ET Company I, Ltd., having served in that capacity since 1996. From 1996 to 2000, he also served as a director of Crosstex Energy, Inc. From 1993 to 1996, he served as President, Chief Operating Officer and a Director of Cornerstone Natural Gas, Inc. Mr. Warren has more than 25 years of business experience in the energy industry. The Board selected Mr. Warren to serve as a director and as Chairman because he is the Partnership's Chief Executive Officer (CEO) and has more than 25 years in the natural gas industry. Mr. Warren also has relationships with chief executives and other senior management at natural gas transportation companies throughout the United States, and brings a unique and valuable perspective to the Board.

Marshall S. (Mackie) McCrea, III. Mr. McCrea was appointed as a director on December 23, 2009. He is the President and Chief Operating Officer of the Company and has served in that capacity since June 2008. Prior to that, he served as President Midstream of the Company from March 2007 to June 2008. Previously he served as the Senior Vice President Commercial Development since the combination of the operations of ETC OLP and HOLP in January 2004. In March 2005, Mr. McCrea was named president of ETC OLP. Prior to the combination of the operations of ETC OLP and HOLP, Mr. McCrea served as Senior Vice President Business Development and Producer Services of the general partner of ETC OLP and ET Company I, Ltd., having served in that capacity since 1997. Mr. McCrea also currently serves on the board of directors of the general partner of ETE and of Sunoco Logistics. The Board selected

Mr. McCrea to serve as a director because he serves as our President and Chief Operating Officer and brings extensive project development and operational experience to the Board. He has held various positions in the natural gas business over the past 25 years and is able to assist the Board in creating and executing the Partnership's strategic plan.

Martin Salinas, Jr. Mr. Salinas has served as Chief Financial Officer of the Company since June 2008. Mr. Salinas had previously served as our Controller and Treasurer from September 2004 to June 2008. Prior to

Table of Contents

joining ETP, Mr. Salinas was a Senior Audit Manager with KPMG in San Antonio, Texas from September 2002. Mr. Salinas earned his B.B.A. in Accounting from the University of Texas at San Antonio in 1994 and is a Certified Public Accountant. Mr. Salinas also serves on the Board of the general partner of Sunoco Logistics.

Jamie Welch. Mr. Welch is the Group Chief Financial Officer and Head of Business Developments for the Energy Transfer family of partnerships since June 2013. Mr. Welch has also served on the board of directors of ETE, ETP, and Sunoco Logistics since June 2013. Before joining ETE, Mr. Welch was Head of the EMEA Investment Banking Department and Head of the Global Energy Group at Credit Suisse. He was also a member of the IBD Global Management Committee and the EMEA Operating Committee. Mr. Welch joined Credit Suisse First Boston in 1997 from Lehman Brothers Inc. in New York, where he was a Senior Vice President in the global utilities & project finance group. Prior to that, he was an attorney with Milbank, Tweed, Hadley & McCloy (New York) and a barrister and solicitor with Minter Ellison in Melbourne, Australia. The members of the Company selected Mr. Welch to serve on the board of directors because of his understanding of energy-related corporate finance gained through his experience in the investment banking and legal fields.

Thomas P. Mason. Mr. Mason has served as Senior Vice President, General Counsel and Secretary of the Company since April 2012. Mr. Mason previously served as Vice President, General Counsel and Secretary from June 2008 and as General Counsel and Secretary of the Company from February 2007. Prior to joining ETP, he was a partner in the Houston office of Vinson & Elkins. Mr. Mason has specialized in securities offerings and mergers and acquisitions for more than 25 years. Mr. Mason also serves on the board of directors of the general partner of Sunoco Logistics.

Richard Cargile. Mr. Cargile joined ETP in March 2012 and serves as President of Midstream Operations. Mr. Cargile joined ETP with over 30 years of midstream experience. Mr. Cargile joined Phillips Petroleum Company in 1982 as a project development engineer. He worked in various capacities in the gas and gas liquids group of Phillips Petroleum Company, Phillips 66 Natural Gas Company and GPM Gas Corporation. He was named vice president of East Permian Commercial in 2000 when GPM Gas Corporation merged with DCP Midstream, LLC (DCP). In 2003, he rose to Southern Division Vice President where he was responsible for DCP 's Permian and Gulf Coast business units and appointed to DCP 's Executive Committee. In 2007, he was promoted to Group Vice President of commercial and business development, and in 2008 he was named Group Vice President of EHS, operations, and technical services. In 2009, he was appointed to president of DCP 's southern business unit, where his responsibilities included executive management of commercial and operations of assets in the west and east regions, and was responsible for corporate engineering, technical services, measurement and reliability.

Paul E. Glaske. Mr. Glaske retired as Chairman and Chief Executive Officer of Blue Bird Corporation, the largest manufacturer of school buses with manufacturing plants in three countries. Prior to becoming president of Blue Bird in 1986, Mr. Glaske served as the president of the Marathon LeTourneau Company, a manufacturer of large off-road mining and material handling equipment and off-shore drilling rigs. He served as a member of the board of directors of BorgWarner, Inc. of Chicago, Illinois until April 2008. Currently, Mr. Glaske serves on the board of directors of both Lincoln Educational Services in New Jersey, and Camcraft, Inc., in Illinois. Mr. Glaske has served as a director of the Company since February 2004 and is chairman of the Audit Committee. The Board selected Mr. Glaske to serve as a director because it believes he is familiar with running a company from the field level to the boardroom based on his previous experience. As a former CEO and director at various other companies, Mr. Glaske has been involved in succession planning, compensation, employee management and the evaluation of acquisition opportunities.

Ted Collins, Jr. Mr. Collins has been an independent oil and gas producer since 2000. He also serves as a Director to both Oasis Petroleum Corp. and CLL Global Research Foundation. He has also served on both the Audit Committee and Nominating and Governance Committee for Oasis Petroleum Corp. since May of 2011. Mr. Collins previously

served as President of Collins & Ware Inc. from 1988 to 2000, when its assets were sold to Apache Corporation. From 1982 to 1988 Mr. Collins was President of Enron Oil & Gas Co. and its predecessors, HNG Oil Company and HNG Internorth Exploration Co. From 1969 to 1982, Mr. Collins served as

Table of Contents

Executive Vice President of American Quasar Petroleum Company. Mr. Collins has served as a director of the Company since August 2004. Mr. Collins is a past President of the Permian Basin Petroleum Association; the Permian Basin Landmen's Association, the Petroleum Club of Midland and has served as Chairman of the Midland Wildcat Committee since 1984. The Board selected Mr. Collins to serve as a director because of his previous experience as an executive in various positions in the oil and gas industry. In addition, as a public company director at various other companies, Mr. Collins has been involved in succession planning, compensation, employee management and the evaluation of acquisition properties.

Michael K. Grimm. Mr. Grimm is one of the original founders of Rising Star Energy, L.L.C., a privately held upstream exploration and production company active in onshore continental United States, and served as its President and Chief Executive Officer from 1995 until 2006 when it was sold. Currently, Mr. Grimm is President of Rising Star Energy Development Company, Rising Star Petroleum, LLC and is Chairman of the Board of RSP Permian, which is active in the drilling and developing of West Texas Permian Basin oil reserves. Prior to the formation of the first Rising Star companies, Mr. Grimm was Vice President of Worldwide Exploration and Land for Placid Oil Company from 1990 to 1994. Prior to joining Placid Oil Company, Mr. Grimm was employed by Amoco Production Company for 13 years where he held numerous positions throughout the exploration department in Houston, New Orleans and Chicago. Mr. Grimm has been an active member of the Independent Petroleum Association of America, the American Association of Professional Landmen, Dallas Producers Club, Dallas Wildcat Committee, and Fort Worth Wildcatters. Mr. Grimm has served as a director of the Company since December 2005 and is a member of the Audit Committee and chairman of the Compensation Committee. He has a B.B.A. from the University of Texas at Austin. The Board selected Mr. Grimm to serve as a director because of his extensive experience in the energy industry and his service as a senior executive at several energy-related companies, in addition to his contacts in the industry gained through his involvement in energy-related organizations.

David K. Skidmore. Mr. Skidmore has served as a director of the Company since March 2013. He has been Vice President of Ventex Oil & Gas, Inc. since 1995 and has been actively involved in exploration and production throughout the Gulf Coast and mid-Continent regions for over 35 years. He founded Skidmore Exploration, Inc. in 1981 and has been an independent oil and gas producer since that time. From 1977 to 1981, he worked for Paraffine Oil Corporation and Texas Oil & Gas in Houston. He holds BS degrees in both Geology and Petroleum Engineering, is a Certified Petroleum Geologist and Registered Professional Engineer, and active member of the AAPG, and SPE. Mr. Skidmore is a member of both the Audit Committee and Compensation Committee. The Board selected Mr. Skidmore to serve as a director because of his continual involvement in geological, geophysical, legal, engineering and accounting aspects of an active oil and gas exploration and production company. As an energy professional, active oil and gas producer and successful business owner, Mr. Skidmore possesses valuable first-hand knowledge of the energy transportation business and market conditions affecting its economics.

Audit Committee

The Board has established an Audit Committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. Paul E. Glaske, Michael K. Grimm and David K. Skidmore currently serve on the Audit Committee and Mr. Glaske serves as the chairman of the Audit Committee. The Board appoints persons who are independent under the NYSE's standards for audit committee members to serve on its Audit Committee. In addition, the Board determines that at least one member of the Audit Committee has such accounting or related financial management expertise sufficient to qualify such person as the audit committee financial expert in accordance with Item 407(d)(5) of Regulation S-K. The Board has determined that based on relevant experience, Audit Committee members Paul E. Glaske and David K. Skidmore qualified as Audit Committee financial experts during 2014. A description of the qualifications of Mr. Glaske and Mr. Skidmore may be found in this proxy statement under Directors and Executive Officers of the Company.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information as of September 30, 2014, regarding the beneficial ownership of our securities by certain beneficial owners, each director and named executive officer of the general partner of our General Partner and all directors and named executive officers of the general partner of our General Partner as a group. The General Partner knows of no other person not disclosed herein who beneficially owns more than 5% of our common units.

Energy Transfer Partners, L.P. Units

Title of Class	Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership(2)(3)	Percent of Class
Common Units	Kelcy L. Warren	21,107	*
	Marshall S. (Mackie) McCrea, III	206,574	*
	Martin Salinas, Jr.	45,326	*
	Jamie Welch	20,000	*
	Thomas P. Mason	88,554	*
	Richard Cargile	9,287	*
	Paul E. Glaske	98,966	*
	Ted Collins, Jr.	100,127	*
	Michael K. Grimm	23,264	*
	David K. Skidmore	1,010	*
	All Directors and Executive Officers as a Group (10 Persons)	614,215	*
	ETE(4)	25,614,102	7.3%
	ETE Common Holdings, LLC(4)	5,226,967	1.5%
Class E Units	Heritage Holdings, Inc.(5)	8,853,832	100%
Class G Units	Sunoco, Inc.(6)	90,706,000	100%
Class H Units	ETE Common Holdings, LLC(4)	50,160,000	100%

* Less than 1%

- (1) The address for Messrs. Warren, Salinas, Welch, Mason, Cargile, Glaske, Collins, Grimm and Skidmore is 3738 Oak Lawn Avenue, Dallas, Texas 75219. The address for Heritage Holdings, Inc. is 8801 S. Yale Avenue, Suite 310, Tulsa, Oklahoma 74137. The address for Mr. McCrea is 800 E. Sonterra Blvd., San Antonio, Texas 78258. The address for ETE and ETE Common Holdings, LLC is 3738 Oak Lawn Avenue, Dallas, Texas 75219. The address for Sunoco, Inc. is 1818 Market Street, Suite 1500, Philadelphia, Pennsylvania 19103.
- (2) Beneficial ownership for the purposes of the foregoing table is defined by Rule 13d-3 under the Securities Exchange Act of 1934, as amended. Under that rule, a person is generally considered to be the beneficial owner of a security if he has or shares the power to vote or direct the voting thereof or to dispose or direct the disposition thereof or has the right to acquire either of those powers within sixty (60) days.
- (3) Due to the ownership by certain officers and directors of the general partner of ETE of equity interests in ETE (either directly or through one or more entities) and due to their positions as directors of the general partner of ETE, they may be deemed to beneficially own the limited partnership interests held by ETE, to the extent of their respective interests therein. Any such deemed ownership is not reflected in the table.
- (4)

Edgar Filing: Energy Transfer Partners, L.P. - Form PRE 14A

ETE owns all member interests of Energy Transfer Partners, L.L.C and all of the Class A limited partner interests and Class B limited partner interests in Energy Transfer Partners GP, L.P. Energy Transfer Partners, L.L.C. is the general partner of Energy Transfer Partners GP, L.P. with a 0.01% general partner interest. LE GP, LLC, the general partner of ETE, may be deemed to beneficially own the common units owned of record by ETE. The members of LE GP, LLC are Ray C. Davis and Kelcy L. Warren.

- (5) The Partnership indirectly owns 100% of the common stock of Heritage Holdings, Inc.
- (6) The Partnership indirectly owns 100% of the common stock of Sunoco, Inc.

Table of Contents

In connection with the Energy Transfer Equity, L.P. Credit Agreement (the "Parent Company Credit Agreement"), ETE and certain of its subsidiaries entered into a Pledge and Security Agreement (the "Security Agreement") with Credit Suisse AG, Cayman Islands Branch, as collateral agent (the "Collateral Agent"). The Security Agreement secures all of ETE's obligations under the Parent Company Credit Agreement and grants to the Collateral Agent a continuing first priority lien on, and security interest in, all of ETE's and the other grantors' tangible and intangible assets.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth, in tabular format, a summary of certain information related to our equity incentive plans as of September 30, 2014:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a)) (c)
Equity compensation plans approved by unitholders:	3,174,878	N/A	349,052
Equity compensation plans not approved by unitholders:		N/A	
Total	3,174,878	N/A	349,052

Table of Contents

EXECUTIVE COMPENSATION

Overview

Energy Transfer Partners, L.P. (the Partnership or ETP) is managed by our general partner, Energy Transfer Partners GP, L.P. (ETP GP), which in turn is managed by its general partner, Energy Transfer Partners, L.L.C., which we refer to in this section as our General Partner. Energy Transfer Equity, L.P. (ETE), a publicly traded limited partnership, or its wholly-owned subsidiary ETE Common Holdings, LLC currently own 100% of our General Partner, approximately 8.8% of our outstanding common units and 100% of our outstanding Class H Units. All of our employees are employed by and receive employee benefits from our operating subsidiaries.

Compensation Discussion and Analysis

Named Executive Officers

We do not have officers or directors. Instead, we are managed by our Board and the executive officers of our General Partner perform all of our management functions. As a result, the executive officers of our General Partner are essentially our executive officers, and their compensation is administered by our General Partner. This Compensation Discussion and Analysis is, therefore, focused on the total compensation of the executive officers of our General Partner as set forth below. The executive officers we refer to in this discussion as our named executive officers are the following officers of our General Partner:

Kelcy L. Warren, Chief Executive Officer (the CEO);

Marshall S. (Mackie) McCrea, III, President and Chief Operating Officer;

Martin Salinas, Jr., Chief Financial Officer;

Thomas P. Mason, Senior Vice President, General Counsel and Secretary; and

Richard Cargile, President of Midstream Operations.

Our General Partner's Philosophy for Compensation of Executives

In general, our General Partner's philosophy for executive compensation is based on the premise that a significant portion of each executive's compensation should be incentive-based or at-risk compensation and that executives' total compensation levels should be very competitive in the marketplace for executive talent and abilities. Our General Partner seeks a total compensation program that provides for a slightly below the median market annual base compensation rate but incentive-based compensation composed of a combination of compensation vehicles to reward both short and long-term performance that are both targeted to pay-out at approximately the top-quartile of market. Our General Partner believes the incentive-based balance is achieved by (i) the payment of annual discretionary cash bonuses that consider the achievement of the Partnership's financial performance objectives for a fiscal year set at the beginning of such fiscal year and the individual contributions of our named executive officers to the success of the

Partnership and the achievement of the annual financial performance objectives and (ii) the annual grant of restricted unit awards under our equity incentive plan(s), which awards are intended to provide a longer term incentive and retention value to our key employees to focus their efforts on increasing the market price of our publicly traded units and to increase the cash distribution we pay to our Unitholders.

Prior to December 2012, our equity awards were primarily in the form of restricted unit awards that vest over a specified time period, with substantially all of these awards vesting over a five-year period at 20% per year based on continued employment through each specified vesting date. Beginning in December 2012, we began granting restricted unit awards that vest, based upon continued employment, at a rate of 60% after the third year of service and the remaining 40% after the fifth year of service. Our General Partner believes that these equity-based incentive arrangements are important in attracting and retaining our executive officers and key

Table of Contents

employees as well as motivating these individuals to achieve our business objectives. The equity-based compensation also reflects the importance we place on aligning the interests of our named executive officers with those of our unitholders.

While we are responsible for the direct payment of the compensation of our named executive officers as employees of us, we do not participate or have any input in any decisions as to the compensation policies of our General Partner or the compensation levels of the executive officers of our General Partner. The compensation committee of the Board (the Committee) is responsible for the approval of the compensation policies and the compensation levels of these executive officers. We directly pay these executive officers in lieu of receiving an allocation of overhead related to executive compensation from our General Partner. For the year ended December 31, 2013, we paid 100% of the compensation of the executive officers of our General Partner as we represent the only business currently managed by our General Partner.

For a more detailed description of the compensation of our named executive officers, please see Compensation Tables below.

Compensation Philosophy

Our compensation program is structured to provide the following benefits:

reward executives with an industry-competitive total compensation package of competitive base salaries and significant incentive opportunities yielding a total compensation package approaching the top-quartile of the market;

attract, retain and reward talented executive officers and key management employees, by providing total compensation competitive with that of other executive officers and key management employees employed by publicly traded limited partnerships of similar size and in similar lines of business;

motivate executive officers and key employees to achieve strong financial and operational performance; and

emphasize performance-based or at-risk compensation.

Components of Executive Compensation

For the year ended December 31, 2013, the compensation paid to our named executive officers, other than our CEO, consisted of the following components:

annual base salary;

non-equity incentive plan compensation consisting solely of discretionary cash bonuses;

time-vested restricted unit awards under the equity incentive plan(s);

payment of distributions on unvested time-based restricted unit awards under our equity incentive plan;

vesting of previously issued time-based awards issued pursuant to our equity incentive plans;

compensation resulting from the vesting of equity issuances made by an affiliate; and

401(k) plan employer contributions.

Mr. Warren, our CEO, has voluntarily elected not to accept any salary, bonus or equity incentive compensation (other than a salary of \$1.00 per year plus an amount sufficient to cover his allocated payroll deductions for health and welfare benefits).

Table of Contents

Methodology

The Committee considers relevant data available to it to assess our competitive position with respect to base salary, annual short-term incentives and long-term incentive compensation for our executive officers. The Committee also considers individual performance, levels of responsibility, skills and experience.

Periodically, the Committee engages a third-party consultant to provide market information for compensation levels at peer companies in order to assist the Committee in its determination of compensation levels for our executive officers. Most recently, the Committee engaged Mercer (US) Inc. (Mercer) during the year ended December 31, 2013 to both (i) evaluate the market competitiveness of total compensation levels for certain members of senior management, including our named executive officers; (ii) assist in the determination of appropriate compensation levels for our senior management, including the named executive officers; and (iii) to confirm that our compensation programs were yielding compensation packages consistent with our overall compensation philosophy. This review by Mercer was deemed necessary given the series of transforming transactions we have completed over the past few years, which have significantly increased our size and scale from both a financial and asset perspective.

In conducting its review, Mercer worked with us to identify a peer group of 15 leading companies in the energy industry that most closely reflect our profile in terms of revenues, assets and market value as well as compete with us for talent at the senior management level. The identified companies were:

Conoco Phillips	Anadarko Petroleum
Enterprise Products Partners, L.P.	ONEOK Partners, L.P.
Plains All American Pipeline, L.P.	EOG Resources, Inc.
Halliburton Company	Kinder Morgan Energy Partners, L.P.
National Oilwell Varco, Inc.	The Williams Companies, Inc.
Baker Hughes Incorporated	Enbridge Energy Partners, L.P.
Apache Corp.	DCP Midstream Partners, L.P.
Marathon Oil Corporation	

The compensation analysis provided by Mercer covered all major components of total compensation, including annual base salary, annual short-term cash bonus and long-term incentive awards for the senior executives of these companies. The Committee utilized the information provided by Mercer to compare the levels of annual base salary, annual short-term cash bonus and long-term equity incentive awards at these other companies with those of our named executive officers to ensure that compensation of our named executive officers is both consistent with our compensation philosophy and competitive with the compensation for executive officers of these other companies. The Committee considered and reviewed the results of the study performed by Mercer to ensure the results indicated that our compensation programs were yielding a competitive total compensation model prioritizing incentive-based compensation and rewarding achievement of short and long-term performance objectives. The Committee also specifically evaluated benchmarked results for the annual base salary, annual short-term cash bonus or long-term equity incentive awards of the named executive officers to the compensation levels at the identified peer group companies. Mercer did not provide any non-executive compensation services for the Partnership during 2013.

Base Salary. As discussed above, the base salaries of our named executive officers are targeted to yield an annual base salary slightly below the median level of market and are determined by the Committee after taking into account the recommendations of Mr. Warren. During the 2014 merit review process, the Committee approved an increase of 3.0% to Mr. Salinas' annual base salary and held the base salary of the other named executive officers at their current amounts. The Committee determined that the increase to Mr. Salinas' base salary was warranted based on the results of

the Mercer study and the factors described below under Annual Bonus. The Committee also determined that holding the base salaries constant for the other named executive officers was reasonable in light of the Mercer study and the base salary adjustments made in 2013.

Table of Contents

Annual Bonus. In addition to base salary, the Committee makes a determination whether to award our named executive officers, other than our CEO (who has voluntarily elected to forgo any annual bonuses), discretionary annual cash bonuses following the end of the year.

These discretionary bonuses, if awarded, are intended to reward our named executive officers for the achievement of financial performance objectives during the year for which the bonuses are awarded in light of the contribution of each individual to our profitability and success during such year. In this regard, the Committee takes into account whether the Partnership achieved or exceeded its targeted performance objectives, which are approved by the Board, as an important element in making its determinations with respect to annual bonuses. The Committee also considers the recommendation of our CEO in determining the specific annual cash bonus amounts for each of the other named executive officers. The Committee does not establish its own financial performance objectives in advance for purposes of determining whether to approve any annual bonuses, and the Committee does not utilize any formulaic approach to determine annual bonuses.

In 2014, the Board, upon a recommendation by the Committee, approved the Energy Transfer Partners, L.L.C Annual Bonus Plan (the *New Bonus Plan*), which replaces the ETP Midstream Bonus Plan (the *Prior Bonus Plan*). The New Bonus Plan, which became effective for calendar year 2014, is substantially similar to the Prior Bonus Plan, except that the New Bonus Plan includes an additional performance criteria related to ETP's internal department financial budget in addition to the previous performance measure of internal EBITDA budget. Under the New Bonus Plan, the Committee's evaluation of performance and determination of an overall available bonus pool will be based on the Partnership's EBITDA and the performance of each department compared to the applicable departmental budget (with such performance measured based on the specific dollar amount of general and administrative expenses set for each department). The two performance criteria will be weighted 75% on internal EBITDA budget criteria and 25% on internal department financial budget criteria.

In adopting the New Bonus Plan, the Board and the Committee have reaffirmed internal EBITDA as the primary performance factor in determining annual bonuses. The addition of the internal department financial budget criteria is designed to ensure that the Partnership is effectively managing general and administrative costs in a prudent manner.

The Partnership's internal financial budgets are generally developed for each business segment, and then aggregated with appropriate corporate level adjustments, to reflect an overall performance objective that is reasonable in light of market conditions and opportunities based on a high level of effort and dedication across all segments of the Partnership's business.

In general, the Committee believes that Partnership performance at or above the internal EBITDA budget and at or below internal department financial budgets would support bonuses to our named executive officers ranging from 100% to 140% of their annual bonus target. For 2014, the Committee retained the same short-term annual cash bonus targets from 2013 for each of the named executive officers. The specific targets are as follows: for Mr. McCrea, 140% of his annual base salary, for Mr. Salinas, 120% of his annual base salary, for Mr. Mason, 125% of his annual base salary, and for Mr. Cargile, 100% of his annual base salary. In the cases of Messrs. McCrea, Salinas and Mason, their annual bonus targets were increased in 2013 to their current levels from a target of 100% of annual base salary consistent with the results of the Mercer study. Mr. Cargile's target has remained at its 2012 level of 100% of annual base salary.

In respect of 2013 performance, in February 2014, the Committee approved cash bonuses relating to the 2013 calendar year to Messrs. McCrea, Salinas, Mason and Cargile of \$1,080,961, \$524,423, \$646,635 and \$305,000, respectively. The individual bonus amounts for each named executive officer, other than our CEO, also reflect the Committee's view of the impact of such individual's efforts and contributions towards (i) achievement of the Partnership's success in

exceeding its internal financial budget, (ii) the development of new projects that are expected to result in increased cash flows from operations in future years, (iii) the completion of mergers, acquisitions or similar transactions that are expected to be accretive to the Partnership

Table of Contents

and increase distributable cash flow, (iv) the overall management of the Partnership's business, and (v) the individual performances of these individuals with respect to promoting the Partnership's financial, strategic and operating objectives for 2013. The cash bonuses awarded to each of the executive officers for 2013 were consistent with the target.

It is expected that 2014 bonus awards will be considered in February 2015.

Equity Awards. We currently have two incentive plans: (i) the Amended and Restated Energy Transfer Partners, L.P. 2004 Unit Plan (as amended and restated as of June 27, 2007, the 2004 Unit Plan) and (ii) the Amended and Restated Energy Transfer Partners, L.P. 2008 Long-Term Incentive Plan (the 2008 Incentive Plan). Each of our 2004 Unit Plan and 2008 Incentive Plan authorizes the Committee, in its discretion, to grant awards of restricted units, phantom units, unit options and other awards related to our units upon such terms and conditions as it may determine appropriate and in accordance with general guidelines as defined by each such plan. The Committee determined and/or approved the terms of the unit grants awarded to our named executive officers, including the number of common units subject to the restricted unit award and the vesting structure of those restricted unit awards. All of the awards granted to the named executive officers under these equity incentive plans have consisted of restricted unit awards that are subject to vesting over a specified time period. Upon vesting of any restricted unit award, ETP common units are issued.

In 2013, in consideration of the results of the Mercer study, the Committee approved increased long-term incentive awards targets for certain of the named executive officers. Mr. McCrea's long-term incentive target increased from 330% of his annual base salary to 700% of his base salary, Mr. Salinas' annual long-term incentive target increased from 250% of his annual base salary to 300%, Mr. Mason's annual long-term incentive target increased from 270% of his annual base salary to 400% and Mr. Cargile's target remained at 150% of his annual base salary. The targets are expected to remain the same for 2014 and equity awards are expected to be considered by the Committee in the fourth quarter of 2014.

In December 2013, the Committee approved grants of restricted unit awards to Messrs. McCrea, Salinas, Mason and Cargile of 69,375 units, 16,724 units, 40,923 units and 9,500 units, respectively. These restricted unit awards provide for vesting over a five-year period, with 60% vesting at the end of the third year and the remaining 40% vesting at the end of the fifth year, subject to continued employment through each specified vesting date. As described below in the section titled *Subsidiary Equity Awards*, for 2013, in discussions between the Committee and the CEO as well as the compensation committee of the general partner of Sunoco Logistics Partners L.P. (Sunoco Logistics), it was determined that approximately 33% of the total long-term incentive award target values of Messrs. McCrea and Salinas would be composed of restricted units awarded under Sunoco Logistics' equity incentive plan in considerations for their roles and responsibilities at Sunoco Logistics in addition to the Partnership. At Sunoco Logistics, Mr. McCrea serves as Chairman of the Board of Sunoco Logistics' general partner and Mr. Salinas serves as a member of the board and Chief Financial Officer of Sunoco Logistics' general partner. It is expected that the long-term equity awards of Messrs. McCrea and Salinas will recognize a similar aggregation of restricted units being awarded under our equity incentive plan and Sunoco Logistics' equity incentive plan in future years. The terms and conditions of the restricted unit awards to Messrs. McCrea and Salinas under the Sunoco Logistics equity plan are identical to the terms and conditions of the restricted unit awards under our equity plan to Messrs. McCrea and Salinas.

These restricted unit awards entitle the recipients of the restricted unit awards to receive, with respect to each ETP common unit subject to such award that has not either vested or been forfeited, a cash payment promptly following each such distribution by us to our unitholders. In approving the grant of such restricted unit awards, the Committee took into account the same factors as discussed above under the caption *Annual Bonus*, the long-term objective of retaining such individuals as key drivers of the Partnership's future success, the existing level of equity ownership of such individuals and the previous awards to such individuals of equity awards subject to vesting.

Table of Contents

The issuance of common units pursuant to our equity incentive plans is intended to serve as a means of incentive compensation; therefore, no consideration will be payable by the plan participants upon vesting and issuance of the common units.

The restricted unit awards under our equity incentive plans generally require the continued employment of the recipient during the vesting period, provided however, the unvested awards will be accelerated in the event of a change in control of the Partnership or the death or disability of the award recipient prior to the applicable vesting period being satisfied. The Committee has in the past and may in the future, but is not required to, accelerate the vesting of unvested restricted unit awards in the event of the termination or retirement of an executive officer. The Committee did not accelerate the vesting of restricted unit awards to any named executive officers in 2013.

Unit Ownership Guidelines. In December 2013, the Board adopted the ETP Executive Unit Ownership Guidelines (the Guidelines), which set forth minimum ownership guidelines applicable to certain executives of the Partnership with respect to common units representing limited partnership interests in the Partnership. The applicable unit ownership guidelines are denominated as a multiple of base salary, and the amount of common units required to be owned increases with the level of responsibility. Under these guidelines, the President and Chief Operating Officer is expected to own common units having a minimum value of five times his base salary, while each of the remaining named executive officers (other than our CEO) are expected to own common units having a minimum value of four times their respective base salary. In addition to the named executive officers, these guidelines also apply to other covered executives, which executives are expected to own either directly or indirectly in accordance with the terms of the Guidelines common units having minimum values ranging from two to four times their respective base salary. The Guidelines do not apply to our CEO, who receives a salary of \$1.00 per year plus an amount sufficient to cover his allocated payroll deductions for health and welfare benefits.

Our General Partner and the Committee believe that the ownership of our common units, as reflected in the Guidelines, is an important means of tying the financial risks and rewards for our executives to our total unitholder return, aligning the interests of such executives with those of our unitholders, and promoting the Partnership's interest in good corporate governance.

Covered executives are generally required to achieve their ownership level within five years of becoming subject to the guidelines; however, certain covered executives, based on their tenure as an executive, are required to achieve compliance within two years of the December 2013 effective date of the Guidelines. Thus, compliance with the guidelines will be required for all of our current named executive officers beginning December 2015, except for Richard Cargile who joined ETP in March 2012.

Covered executives may satisfy the guidelines through direct ownership of common units or indirect ownership by certain immediate family members. Direct or indirect ownership of ETE common units shall count on a one to one ratio for purposes of satisfying minimum ownership requirements; however, unvested restricted unit awards may not be used to satisfy the minimum ownership requirements.

Executive officers who have not yet met their respective guideline must retain and hold all common units (less common units sold to cover the executive's applicable taxes and withholding obligation) received in connection with long-term incentive awards. Once the required ownership level is achieved, ownership of the required common units must be maintained for as long as the covered executive is subject to the guidelines. However, those individuals who have met or exceeded their applicable ownership guideline may dispose of our common units in a manner consistent with applicable laws, rules and regulations, including regulations of the SEC and our internal policies, but only to the extent that such individual's remaining ownership of common units would continue to exceed the applicable ownership guideline.

Subsidiary Equity Awards. In addition to their roles as officers of our General Partner, Messrs. McCrea and Salinas also serve as officers and directors of the general partner of Sunoco Logistics. In connection with those roles at Sunoco Logistics general partner, in December 2013, the compensation committee of Sunoco Logistics

Table of Contents

general partner awarded Messrs. McCrea and Salinas time-based restricted units of Sunoco Logistics in the amount of 27,300 units and 6,550 units, respectively. The terms and conditions of the restricted unit awards to Messrs. McCrea and Salinas under the Sunoco Logistics equity plan are identical to the terms and conditions of the restricted unit awards under our equity plan to Messrs. McCrea and Salinas.

The previous annual grant of Sunoco Logistics equity awards occurred in January 2013, at which time Messrs. McCrea and Salinas were granted 16,667 units and 8,333 units, respectively. These awards are reflected as compensation in 2013 for Messrs. McCrea and Salinas in the Compensation Tables section below.

Affiliate Equity Awards. McReynolds Energy Partners, L.P., the general partner of which is owned and controlled by the President of ETE's general partner, has previously awarded to certain officers of ETP certain rights related to units of ETE previously issued by ETE to such officers. These rights included the economic benefits of ownership of these ETE units based on a five-year vesting schedule whereby the officer vested in the ETE units at a rate of 20% per year. As these ETE units conveyed to the recipients of the awards upon vesting from a partnership that is not owned or managed by ETE or ETP, none of the costs related to such awards were paid by ETE or ETP. We recognized non-cash compensation expense over the vesting period based on the grant date fair value of the ETE units awarded the ETP employees assuming no forfeitures. As of December 31, 2013, no such affiliate equity awards remained outstanding. During 2013, Messrs. McCrea and Salinas vested in rights related to ETE units of 84,000 and 96,000, respectively (after adjustment for ETE's two-for-one common unit split in January 2014).

Qualified Retirement Plan Benefits. We have established a defined contribution 401(k) plan, which covers substantially all of our employees, including our named executive officers. Employees may elect to defer up to 100% of their eligible compensation after applicable taxes, as limited under the Internal Revenue Code. We make a matching contribution that is not less than the aggregate amount of matching contributions that would be credited to a participant's account based on a rate of match equal to 100% of each participant's elective deferrals up to 5% of covered compensation. The amounts deferred by the participant and the amounts deferred by the Partnership are fully vested at all times. We provide this benefit as a means to incentivize employees and provide them with an opportunity to save for their retirement.

Beginning in January 2013, the Partnership provides a 3% profit sharing contribution to employee 401(k) accounts for all employees with a base compensation below a specified threshold. The contribution is in addition to the 401(k) matching contribution and employees become vested based on years of service.

Health and Welfare Benefits. All full-time employees, including our named executive officers, may participate in our health and welfare benefit programs including medical, dental, vision, flexible spending, life insurance and disability insurance.

Termination Benefits. Our named executive officers do not have any employment agreements that call for payments of termination or severance benefits or that provide for any payments in the event of a change in control of our General Partner. Our 2004 Unit Plan provides for immediate vesting of all unvested restricted unit awards in the event of a change in control, as defined in the plan. In addition, our 2008 Incentive Plan provides the Committee with the discretion to provide for immediate vesting of all unvested restricted unit awards in the event of a change of control, as defined in the plan. Please refer to Compensation Tables Potential Payments Upon a Termination or Change of Control for additional information.

In addition, our General Partner has also adopted the ETP GP Severance Plan and Summary Plan Description effective as of June 12, 2013, (the Severance Plan), which provides for payment of certain severance benefits in the event of Qualifying Termination (as that term is defined in the Severance Plan). In general, the Severance Plan

provides payment of two weeks of annual base salary for each year or partial year of employment service with the Partnership up to a maximum of fifty-two weeks or one year of annual base salary (with a minimum of four weeks of annual base salary) and up to three months of continued group health insurance coverage. The Severance Plan also provides that the Partnership may determine to pay benefits in

Table of Contents

addition to those provided under the Severance Plan based on special circumstances, which additional benefits shall be unique and non-precedent setting. The Severance Plan is available to all salaried employees on a nondiscriminatory basis; therefore, amounts that would be payable to our named executive officers upon a Qualified Termination have been excluded from Compensation Tables Potential Payments Upon a Termination or Change of Control below.

Deferred Compensation Plan. We maintain a deferred compensation plan (DC Plan), which permits eligible highly compensated employees to defer a portion of their salary and/or bonus until retirement or termination of employment or other designated distribution. Under the DC Plan, each year eligible employees are permitted to make an irrevocable election to defer up to 50% of their annual base salary, 50% of their quarterly non-vested unit distribution income, and/or 50% of their discretionary performance bonus compensation to be earned for services performed during the following year. Pursuant to the DC Plan, we may make annual discretionary matching contributions to participants accounts; however, we have not made any discretionary contributions to participants accounts and currently have no plans to make any discretionary contributions to participants accounts. All amounts credited under the DC Plan (other than discretionary credits) are immediately 100% vested. Participant accounts are credited with deemed earnings (or losses) based on hypothetical investment fund choices made by the participants among available funds.

Participants may elect to have their accounts distributed in one lump sum payment or in annual installments over a period of three or five years upon retirement, and in a lump sum upon other termination. Participants may also elect to take lump-sum in-service withdrawals five years or longer in the future, and such scheduled in-service withdrawals may be further deferred prior to the withdrawal date. Upon a change in control (as defined in the DC Plan) of ETP, all DC Plan accounts are immediately vested in full. However, distributions are not accelerated and, instead, are made in accordance with the DC Plan s normal distribution provisions unless a participant has elected to receive a change of control distribution pursuant to his deferral agreement.

Risk Assessment Related to our Compensation Structure. We believe our compensation plans and programs for our named executive officers, as well as our other employees, are appropriately structured and are not reasonably likely to result in material risk to the Partnership. We believe our compensation plans and programs are structured in a manner that does not promote excessive risk-taking that could harm our value or reward poor judgment. We also believe we have allocated our compensation among base salary and short and long-term compensation in such a way as to not encourage excessive risk-taking. In particular, we generally do not adjust base annual salaries for the executive officers and other employees significantly from year to year, and therefore the annual base salary of our employees is not generally impacted by our overall financial performance or the financial performance of an operating segment. We generally determine whether, and to what extent, our named executive officers receive a cash bonus based on our achievement of specified financial performance objectives as well as the individual contributions of our named executive officers to the Partnership s success. We use restricted units rather than unit options for equity awards because restricted units retain value even in a depressed market so that employees are less likely to take unreasonable risks to get, or keep, options in-the-money. Finally, the time-based vesting over five years for our long-term incentive awards ensures that our employees interests align with those of our unitholders for the long-term performance of the Partnership.

Tax and Accounting Implications of Equity-Based Compensation Arrangements***Deductibility of Executive Compensation***

We are a limited partnership and not a corporation for U.S. federal income tax purposes. Therefore, we believe that the compensation paid to the named executive officers is not subject to the deduction limitations under Section 162(m) of the Internal Revenue Code and therefore is generally fully deductible for federal income tax purposes.

Table of Contents

Accounting for Unit-Based Compensation

For our unit-based compensation arrangements, including equity-based awards issued to certain of our named executive officers by an affiliate (as discussed above), we record compensation expense over the vesting period of the awards, as discussed further in Note 8 to our consolidated financial statements, included in our annual report on Form 10-K for the fiscal year ended December 31, 2013.

Compensation Committee Interlocks and Insider Participation

Messrs. Grimm and Skidmore are the only members of the Committee. During 2013 and as of October 10, 2014, no member of the Committee was an officer or employee of us or any of our subsidiaries or served as an officer of any company with respect to which any of our executive officers served on such company's board of directors. In addition, neither Mr. Grimm nor Mr. Skidmore is a former employee of ours or any of our subsidiaries.

Report of Compensation Committee

The Committee has reviewed and discussed the section entitled "Compensation Discussion and Analysis" with the management of the Partnership. Based on this review and discussion, we have recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

The Compensation Committee of the
Board of Directors of Energy Transfer Partners, L.L.C., the
general partner of Energy Transfer Partners GP, L.P., the
general partner of Energy Transfer Partners, L.P.

Michael K. Grimm

David K. Skidmore

The foregoing report shall not be deemed to be incorporated by reference by any general statement or reference to this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under those Acts.

Table of Contents**Compensation Tables****Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Bonus (1)(\$)	Equity Awards (2)(\$)	Optima Award (\$)	Change in Pension Value and Non- Equity Qualified Incentive Deferred Plan Compen- sation		All Other Compen- sation (3)(\$)	Total (\$)
						Earnings (\$)	(\$)		
Kelcy L. Warren(4) Chief Executive Officer	2013	\$ 5,814	\$	\$	\$	\$	\$	\$	\$ 5,814
	2012	3,700							3,700
	2011	3,240							3,240
Martin Salinas, Jr. Chief Financial Officer	2013	437,019	524,423	1,861,698		56,036	26,136		2,905,312
	2012	392,750	375,000	755,515		23,261	26,140		1,572,666
	2011	360,532	400,000	1,128,500		(6,462)	25,020		1,907,590
Marshall S. (Mackie) McCrea, III President and Chief Operating Officer	2013	772,115	1,080,961	6,715,336			13,323		8,581,735
	2012	690,000	700,000	1,510,985			12,802		2,913,787
	2011	615,049	750,000	9,542,520			12,972		10,920,541
Thomas P. Mason Senior Vice President, General Counsel and Secretary	2013	517,308	646,635	2,308,057			36,923		3,508,923
	2012	466,424	500,000	1,359,900			35,998		2,362,322
	2011	432,901	750,000	1,805,600			32,590		3,021,091
Richard Cargile President of Midstream Operations	2013	331,250	305,000	535,800		83,943	13,323		1,269,316
	2012	237,500	230,000	1,379,880		3,534	12,279		1,863,193

- (1) The discretionary cash bonus amounts for our named executive officers for 2013 reflect cash bonuses approved by the Committee in February 2014 that are expected to be paid in March 2014.
- (2) Equity award amounts reflect the aggregate grant date fair value of restricted unit awards granted for the periods presented, computed in accordance with FASB ASC Topic 718. See Note 8 to our consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended December 31, 2013, for additional assumptions underlying the value of the equity awards.
- (3) The amounts reflected for 2013 in this column include (i) matching contributions to the 401(k) plan made by ETP on behalf of the named executive officers of \$9,327 for Mr. Salinas and \$12,750 each for Messrs. McCrea, Mason and Cargile, (ii) expenses paid by us for housing for Messrs. Salinas and Mason near our executive office in Dallas and (iii) the dollar value of life insurance premiums paid for the benefit of the named executive officers. Vesting in

401(k) contributions occurs immediately.

- (4) Mr. Warren voluntarily determined that his salary would be reduced to \$1.00 per year (plus an amount sufficient to cover his allocated payroll deductions for health and welfare benefits). He does not accept a cash bonus or any equity awards under the equity incentive plans.

Table of Contents**Grants of Plan-Based Awards Table**

Name	Grant Date	All Other Unit Awards: Number of Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$ / Unit)	Grant Date Fair Value of Unit Awards(1)
ETP Restricted Unit Awards:					
Kelcy L. Warren	N/A			\$	\$
Martin Salinas, Jr.	12/30/2013	16,724			943,234
Marshall S. (Mackie) McCrea, III	12/30/2013	69,375			3,912,750
Thomas P. Mason	12/30/2013	40,923			2,308,057
Richard Cargile	12/30/2013	9,500			535,800
Sunoco Logistics Unit Awards:					
Martin Salinas, Jr.	12/05/2013	6,550			445,400
	1/24/2013	8,333			473,064
Marshall S. (Mackie) McCrea, III	12/05/2013	27,300			1,856,400
	1/24/2013	16,667			946,186

(1) We have computed the grant date fair value of restricted unit awards in accordance with FASB ASC Topic 718, as further described in Note 8 to our consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended December 31, 2013.

Narrative Disclosure to Summary Compensation Table and Grants of the Plan-Based Awards Table

A description of material factors necessary to understand the information disclosed in the tables above with respect to salaries, bonuses, equity awards, nonqualified deferred compensation earnings, and 401(k) plan contributions can be found in the compensation discussion and analysis that precedes these tables.

Table of Contents***Outstanding Equity Awards Table***

Name	Grant Date(1)	Unit Awards	
		Equity Incentive Plan Awards: Number of Units That Have Not Vested(1) (#)	Equity Incentive Plan Awards: Market or Payout Value of Units That Have Not Vested(2) (\$)
ETP Restricted Unit Awards:			
Kelcy L. Warren	N/A		\$
Martin Salinas, Jr.	12/30/2013	16,724	957,449
	1/10/2013	16,667	954,186
	12/20/2011	15,000	858,750
	12/15/2010	8,000	458,000
	12/15/2009	3,837	219,668
Marshall S. (Mackie) McCrea, III	12/30/2013	69,375	3,971,719
	1/10/2013	33,333	1,908,314
	12/20/2011	30,000	1,717,500
	5/2/2011	54,400	3,114,400
	1/14/2011	100,000	5,725,000
Thomas P. Mason	12/15/2009	4,000	229,000
	12/30/2013	40,923	2,342,842
	1/10/2013	30,000	1,717,500
	12/20/2011	24,000	1,374,000
	12/15/2010	8,000	