

Energy Transfer Partners, L.P.

Form 424B3

August 17, 2010

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the attached prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

**Filed Pursuant to Rule 424(b)(3)
File No. 333-147990**

SUBJECT TO COMPLETION, DATED AUGUST 17, 2010
PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED DECEMBER 11, 2007

8,000,000 Common Units
Representing Limited Partner Interests

Energy Transfer Partners, L.P.

We are selling 8,000,000 common units representing limited partner interests.

Our common units are listed on the New York Stock Exchange under the symbol ETP. The last reported sale price of our common units on the NYSE on August 16, 2010 was \$47.56 per common unit.

Investing in our common units involves risks. See Risk Factors on page S-11 of this prospectus supplement and beginning on page 4 of the accompanying prospectus.

The underwriters have an option to purchase a maximum of 1,200,000 additional common units to cover over-allotments.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to ETP (before expenses)
Per Common Unit	\$	\$	\$
Total	\$	\$	\$

Delivery of the common units will be made on or about August , 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Credit Suisse

BofA Merrill Lynch

Citi

Morgan Stanley

UBS Investment Bank

Wells Fargo Securities

Co-Managers

Baird

Deutsche Bank Securities

J.P. Morgan

RBC Capital Markets

Stifel Nicolaus Weisel

The date of this prospectus supplement is August , 2010

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering of common units. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to the common units. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information relating to the offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus we may authorize to be delivered to you and the documents we have incorporated by reference. Neither we nor the underwriters have authorized anyone else to give you additional or different information. We are not offering the common units in any jurisdiction where the offer and sale is not permitted. You should not assume that the information in this prospectus supplement, in the accompanying prospectus or any free writing prospectus we may authorize to be delivered to you is accurate as of any date other than the date on the front of those documents. You should not assume that any information contained in the documents incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

None of Energy Transfer Partners, L.P., the underwriters or any of their respective representatives is making any representation to you regarding the legality of an investment in our common units by you under applicable laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in the common units.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information included or incorporated by reference in this prospectus supplement. It does not contain all of the information that may be important to you. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer herein for a more complete understanding of our business and the terms of this offering, as well as the tax and other considerations that are important to you in making your investment decision.

Unless the context otherwise requires, references to (1) Energy Transfer, ETP, we, us, our and similar terms, as well as references to the Partnership, are to Energy Transfer Partners, L.P. and all of its operating limited partnerships and subsidiaries and (2) ETE are to Energy Transfer Equity, L.P., the owner of our general partner. Unless we indicate otherwise, the information presented in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units.

Energy Transfer Partners, L.P.

Overview

We are a publicly traded limited partnership that owns and operates a diversified portfolio of energy assets. Our natural gas operations include intrastate natural gas gathering and transportation pipelines, an interstate pipeline, natural gas gathering, processing and treating assets located in Texas, New Mexico, Arizona, Louisiana, Colorado and Utah, and three natural gas storage facilities located in Texas. These assets include approximately 17,500 miles of pipeline in service. Our intrastate and interstate pipeline systems transport natural gas from several significant natural gas producing areas, including the Barnett Shale in the Fort Worth Basin in north Texas, the Bossier Sands in east Texas, the Permian Basin in west Texas and New Mexico, the San Juan Basin in New Mexico and other producing areas in south Texas and central Texas. Our gathering and processing operations are conducted in many of these same producing areas as well as in the Piceance and Uinta Basins in Colorado and Utah and the Haynesville Shale in north Louisiana. We are also one of the three largest retail marketers of propane in the United States, serving more than one million customers across the country.

We have experienced substantial growth over the last five years through a combination of internal growth projects and strategic acquisitions. Our internal growth projects consist primarily of the construction of natural gas transmission pipelines, both intrastate and interstate. From September 1, 2003 through June 30, 2010, we made growth capital expenditures, excluding capital contributions made in connection with the Midcontinent Express Pipeline and Fayetteville Express Pipeline joint ventures, of approximately \$5.6 billion, of which approximately \$4.6 billion was related to natural gas transmission pipelines. We have budgeted growth capital expenditures of \$765 million to \$855 million for the remainder of 2010. Primarily as a result of these internal growth projects and acquisitions, we have increased our cash flow from operating activities from \$162.7 million for the twelve months ended August 31, 2004 to \$826.9 million for the year ended December 31, 2009. We have also increased our cash distributions from \$0.325 per common unit for the quarter ended November 30, 2003 (\$1.30 per common unit on an annualized basis) to \$0.89375 per common unit for the quarter ended June 30, 2010 (\$3.575 per common unit on an annualized basis), an increase of 175%.

Our Business

Intrastate Transportation and Storage Operations

We own and operate nearly 8,000 miles of intrastate natural gas transportation pipelines and three natural gas storage facilities. We own the largest intrastate pipeline system in the United States. Our intrastate pipeline system interconnects to many major consumption areas in the United States. Our intrastate transportation and storage segment focuses on the transportation of natural gas from various natural gas producing areas to major natural gas consuming markets through connections with other pipeline systems. Our intrastate natural gas pipeline system has an aggregate throughput capacity of approximately 14.3 billion cubic feet per day, or Bcf/d, of natural gas. For the six months ended June 30, 2010, we transported an average of 11.6 Bcf/d of natural gas through our intrastate natural gas pipeline system. We also provide natural gas storage services for third parties for which we charge storage fees as well as injection and withdrawal fees from the use of our three natural gas

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storage facilities. Our storage facilities have an aggregate working gas capacity of approximately 74.4 Bcf. In addition to our natural gas storage services, we utilize our Bammel gas storage facility to engage in natural gas storage transactions in which we seek to find and profit from pricing differences that occur over time. These transactions typically involve a purchase of physical natural gas that is injected into our storage facilities and a related sale of natural gas pursuant to financial futures contracts at a price sufficient to cover our natural gas purchase price and related carrying costs and provide for a gross profit margin.

Our intrastate transportation and storage operations accounted for approximately 65% of our total consolidated operating income for the year ended December 31, 2008 and approximately 56% of our total consolidated operating income for the year ended December 31, 2009.

Based primarily on the increased drilling activities and increased natural gas production in the Barnett Shale in north Texas and the Bossier Sands in east Texas, we have pursued a significant expansion of our natural gas pipeline system in order to provide greater transportation capacity from these natural gas supply areas to markets for natural gas. This expansion initiative, which has resulted in the addition of approximately 900 miles of large diameter pipeline ranging from 20 inches to 42 inches with approximately 7.6 Bcf/d of natural gas transportation capacity, includes the following pipeline projects:

In April 2007, we completed the 243-mile pipeline from Cleburne in north Texas to Carthage in east Texas, which we refer to as the Cleburne to Carthage pipeline, to expand our capacity to transport natural gas produced from the Barnett Shale and the Bossier Sands to our Texoma pipeline and other pipeline interconnections. The Cleburne to Carthage pipeline is primarily a 42-inch diameter natural gas pipeline. In December 2007, we completed two natural gas compression projects that added approximately 90,000 horsepower on the Cleburne to Carthage pipeline, increasing our natural gas deliverability at the Carthage Hub to more than 2.0 Bcf/d.

In April 2008, we completed our approximately 150-mile Southeast Bossier 42-inch natural gas pipeline, which we refer to as the Southeast Bossier pipeline. This pipeline connects our Cleburne to Carthage pipeline and our East Texas pipeline to our Texoma pipeline. The Southeast Bossier pipeline has an initial throughput capacity of 900 million cubic feet per day, or MMcf/d, that can be increased to 1.3 Bcf/d with the addition of compression. The Southeast Bossier pipeline increases our takeaway capacity from the Barnett Shale and Bossier Sands and provides increased market access for natural gas produced in these areas.

In July 2008, we completed our 36-inch Paris Loop natural gas pipeline expansion project in north Texas. This 135-mile pipeline initially provided us with an additional 400 MMcf/d of capacity out of the Barnett Shale, which increased to 900 MMcf/d in May 2009. The Paris Loop originates near Eagle Mountain Lake in northwest Tarrant County, Texas and connects to our Houston Pipe Line system near Paris, Texas.

In August 2008, we completed an expansion of our Cleburne to Carthage pipeline from the Texoma pipeline interconnect to the Carthage Hub through the installation of 32 miles of 42-inch pipeline. This expansion, which we refer to as the Carthage Loop, added 500 MMcf/d of pipeline capacity from Cleburne to the Carthage Hub. In September 2009, we increased the capacity of the Carthage Loop to 1.1 Bcf/d by adding compression to this pipeline.

In August 2008, we completed the first segment of our 36-inch Maypearl to Malone natural gas pipeline expansion project. This 25-mile pipeline extends from Maypearl, Texas to Malone, Texas, and provides an additional 600 MMcf/d of capacity out of the Fort Worth Basin.

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In January 2009, we completed our Southern Shale natural gas pipeline project, which consists of 31 miles of 36-inch pipeline that originates in southern Tarrant County, Texas and delivers natural gas to our Maypearl to Malone pipeline expansion project. The Southern Shale pipeline provides an additional 700 MMcf/d of takeaway capacity from the Barnett Shale.

In January 2009, we completed our 36-inch Cleburne to Tolar natural gas pipeline expansion project. This 20-mile pipeline extends from Cleburne, Texas to Tolar, Texas and provides an additional 400 MMcf/d of takeaway capacity from the Barnett Shale.

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In February 2009, we completed our 56-mile Katy Expansion pipeline project. This 36-inch expansion project increased the capacity of our existing ETC Katy natural gas pipeline in southeast Texas by more than 400 MMcf/d.

In August 2009, we completed our Texas Independence Pipeline, which consists of 143 miles of 42-inch pipeline originating near Maypearl, Texas and ending near Henderson, Texas. This pipeline connects our ET Fuel System and North Texas System with our East Texas pipeline. The Texas Independence Pipeline expands our ET Fuel System's throughput capacity by an incremental 1.1 Bcf/d and, with the addition of compression, the capacity may be expanded to 1.75 Bcf/d.

In June 2010, we announced plans to construct a 63-mile natural gas pipeline that will originate in Shelby County, Texas, and terminate in Nacogdoches County, Texas. This project will consist of 20- and 24-inch pipe and will have an initial capacity of 645 MMcf/d. The pipeline will interconnect with two interstate pipelines in addition to our Houston Pipe Line system. Partial service is expected to begin in the third quarter of 2010, with full in-service capabilities by the fourth quarter of 2010.

These pipeline projects are supported by principally fee-based contracts for periods ranging from five to 15 years.

Interstate Transportation Operations

We own and operate the Transwestern pipeline, an open-access natural gas interstate pipeline extending from the gas producing regions of west Texas, eastern and northwest New Mexico, and southern Colorado primarily to pipeline interconnects off the east end of its system and to pipeline interconnects at the California border. Including the recently completed projects described below, Transwestern comprises approximately 2,700 miles of pipeline with a capacity of 2.1 Bcf/d. The Transwestern pipeline has access to three significant gas basins: the Permian Basin in west Texas and eastern New Mexico, the San Juan Basin in northwest New Mexico and southern Colorado, and the Anadarko Basin in the Texas and Oklahoma panhandle. Natural gas sources from the San Juan Basin and surrounding producing areas can be delivered eastward to Texas intrastate and mid-continent connecting pipelines and natural gas market hubs as well as westward to markets like Arizona, Nevada and California. Transwestern's customers include local distribution companies, producers, marketers, electric power generators and industrial end-users.

During 2007, we initiated the Phoenix project, consisting of 260 miles of 42-inch and 36-inch pipeline lateral, with a throughput capacity of 500 MMcf/d, connecting the Phoenix area to Transwestern's existing mainline at Ash Fork, Arizona. The Phoenix lateral pipeline was completed in February 2009.

During the third quarter of 2008, we completed the San Juan Loop pipeline, a 26-mile loop that provides an additional 375 MMcf/d of capacity to Transwestern's existing San Juan lateral. This expansion project supports the Phoenix project by providing additional throughput capacity from the San Juan Basin natural gas producing area to Transwestern's primary transmission pipeline to supply natural gas for the Phoenix lateral pipeline.

In October 2008, we entered into a 50/50 joint venture with Kinder Morgan Energy Partners, L.P., or KMP, for the development of the Fayetteville Express Pipeline, an approximately 185-mile 42-inch pipeline that will originate in Conway County, Arkansas, continue eastward through White County, Arkansas and terminate at an interconnect with Trunkline Gas Company in Quitman County, Mississippi. In December 2009, Fayetteville Express Pipeline, LLC, or FEP, the entity formed to own and operate this pipeline, received approval of its application for authority from the Federal Energy Regulatory Commission, or FERC, to construct and operate this pipeline. The pipeline is expected to have an initial capacity of 2.0 Bcf/d. On December 17, 2009, the FERC issued an order granting FEP authorization to construct and operate the pipeline, subject to certain conditions, and FEP accepted the FERC's certificate authorization

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on December 18, 2009. Construction began on this project in March 2010 and the pipeline is expected to be in service by late 2010. FEP has secured binding 10-year commitments for transportation of gas volumes with energy equivalents totaling 1.8 Bcf/d. The new pipeline will interconnect with Natural Gas Pipeline Company of America, or NGPL, in White County, Arkansas, Texas Gas Transmission in Coahoma County, Mississippi, and ANR Pipeline Company in Quitman County, Mississippi. NGPL is operated and partially owned by Kinder Morgan, Inc., which owns the general partner of KMP.

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In January 2009, we announced that we had entered into an agreement with a wholly-owned subsidiary of Chesapeake Energy Corporation, or Chesapeake, to construct an approximately 175-mile 42-inch interstate natural gas pipeline, which we refer to as the Tiger Pipeline. The pipeline will connect to our dual 42-inch pipeline system near Carthage, Texas, extend through the heart of the Haynesville Shale and end near Delhi, Louisiana, with interconnects to at least seven interstate pipelines at various points in Louisiana. The Tiger Pipeline is anticipated to have an initial throughput capacity of 2.0 Bcf/d, which capacity may be increased up to 2.4 Bcf/d with added compression. The agreement with Chesapeake provides for a 15-year commitment for firm transportation capacity of approximately 1.0 Bcf/d. We have also entered into agreements with EnCana Marketing (USA), Inc., a subsidiary of EnCana Corporation, and other shippers that provide for 10-year commitments for firm transportation capacity on the Tiger Pipeline equal to the full initial design capacity of 2.0 Bcf/d in the aggregate. In April 2010, our application for authority to construct and operate this pipeline was approved by the FERC, and construction began on this project in June 2010. Pending necessary regulatory approvals, the Tiger Pipeline is expected to be in service in the first quarter of 2011. In February 2010, we announced that we had entered into a 10-year commitment for an additional 400 MMcf/d of capacity, bringing the pipeline's long-term contractual commitments to 2.4 Bcf/d. In June 2010, we filed an application for authority to construct and operate an expansion of the Tiger Pipeline to add the necessary 400 MMcf/d of capacity. Pending necessary regulatory approvals, this expansion is expected to be completed in the second half of 2011.

Our interstate pipeline segment formerly included our 50% interest in Midcontinent Express Pipeline, LLC, or MEP, a 50/50 joint venture with KMP that owns the Midcontinent Express Pipeline. The Midcontinent Express Pipeline is an approximately 500-mile interstate natural gas pipeline that originates near Bennington, Oklahoma, routes through Perryville, Louisiana, and terminates at an interconnect with Transcontinental Gas Pipe Line Corporation's interstate natural gas pipeline in Butler, Alabama. The first zone of the pipeline, from Bennington, Oklahoma to Perryville, Louisiana, was placed in service in April 2009, and the second zone of the pipeline, from Perryville, Louisiana to Butler, Alabama, was placed in service in August 2009. On May 26, 2010, we transferred to ETE, in exchange for ETP common units owned by ETE, substantially all of our interest in MEP. See [Recent Developments](#) [Transfer of Interest in MEP](#) below.

Our interstate transportation segment accounted for approximately 11% of our total consolidated operating income for the year ended December 31, 2008 and approximately 12% of our total consolidated operating income for the year ended December 31, 2009.

Midstream Operations

We own and operate approximately 7,000 miles of in-service natural gas gathering pipelines, three natural gas processing plants, fifteen natural gas treating facilities, and eleven natural gas conditioning facilities. Our midstream segment focuses on the gathering, compression, treating, conditioning, processing and marketing of natural gas, and our operations are currently concentrated in the Barnett Shale in north Texas, the Bossier Sands in east Texas, the Austin Chalk trend of southeast Texas, the Permian Basin in west Texas, the Piceance and Uinta Basins in Colorado and Utah and the Haynesville Shale in north Louisiana.

Our midstream segment accounted for approximately 14% of our total consolidated operating income for the year ended December 31, 2008 and approximately 12% of our total consolidated operating income for the year ended December 31, 2009.

Retail Propane Operations

We are one of the three largest retail propane marketers in the United States, serving more than one million customers across the country. Our propane operations extend from coast to coast with concentrations in the western, upper midwestern, northeastern and southeastern regions of the United States. Our propane business has grown primarily

through acquisitions of retail propane operations and, to a lesser extent, through internal growth.

Our retail propane operations accounted for approximately 10% of our total consolidated operating income for the year ended December 31, 2008 and approximately 20% of our total consolidated operating income for the year ended December 31, 2009. The retail propane segment is a margin-based business in which gross profits depend on the excess of sales price over propane supply cost. The market price of propane is often subject to volatile changes as a result of supply or other market conditions over which we have no control.

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Our propane business is largely seasonal and dependent upon weather conditions in our service areas. Historically, approximately two-thirds of our retail propane volume and substantially all of our propane-related operating income are attributable to sales during the six-month peak-heating season of October through March. This generally results in higher operating revenues and net income in the propane segment during the period from October through March of each year, and lower operating revenues and either net losses or lower net income during the period from April through September of each year. Cash flow from operations is generally greatest during the period from December to May of each year when customers pay for propane purchased during the six-month peak-heating season. Sales to commercial and industrial customers are much less weather sensitive.

Business Strategy

Our business strategy is to increase unitholder distributions and the value of our common units. We believe we have engaged, and will continue to engage, in a well-balanced plan for growth through acquisitions, internally generated expansion, and measures aimed at increasing the profitability of our existing assets.

We intend to continue to operate as a diversified, growth-oriented master limited partnership with a focus on increasing the amount of cash available for distribution on each common unit. We believe that by pursuing independent operating and growth strategies for our natural gas operations and retail propane business, we will be best positioned to achieve our objectives.

We expect that acquisitions in natural gas operations will be the primary focus of our acquisition strategy going forward, although we also expect to continue to pursue complementary propane acquisitions. We also anticipate that our natural gas operations will provide internal growth projects of greater scale compared to those available in our propane business as demonstrated by our significant number of completed natural gas pipeline projects as well as our recently announced pipeline projects.

We believe that we are well-positioned to compete in both the natural gas transportation and storage industry and the retail propane industry based on the following strengths:

We believe that the size and scope of our operations, our stable asset base and cash flow profile, and our investment grade status will be significant positive factors in our efforts to obtain new debt or equity financing in light of current market conditions.

Our experienced management team has an established reputation as highly-effective, strategic operators within our operating segments. In addition, our management team is motivated to effectively and efficiently manage our business operations through performance-based incentive compensation programs and through ownership of a substantial equity position in Energy Transfer Equity, L.P., the entity that indirectly owns our general partner and therefore benefits from incentive distribution payments we make to our general partner.

Natural Gas Operations Business Strategies

Enhance profitability of existing assets. We intend to increase the profitability of our existing asset base by adding new volumes of natural gas under long-term producer commitments, undertaking additional initiatives to enhance utilization and reducing costs by improving operations.

Engage in construction and expansion opportunities. We intend to leverage our existing infrastructure and customer relationships by constructing and expanding systems to meet new or increased demand for midstream and transportation services.

Increase cash flow from fee-based businesses. We intend to seek to increase the percentage of our midstream business conducted with third parties under fee-based arrangements in order to reduce our exposure to changes in the prices of natural gas and natural gas liquids.

Growth through acquisitions. We intend to continue to make strategic acquisitions of midstream, transportation and storage assets in our current areas of operation that offer the opportunity for operational efficiencies and the potential for increased utilization and expansion of our existing and acquired assets.

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Propane Business Strategies

Pursue internal growth opportunities. In addition to pursuing expansion through acquisitions, we have aggressively focused on high return internal growth opportunities at our existing customer service locations. We believe that by concentrating our operations in areas experiencing higher-than-average population growth, we are well positioned to achieve internal growth by adding new customers.

Growth through complementary acquisitions. We believe that our position as one of the three largest propane marketers in the United States provides us a solid foundation to continue our acquisition growth strategy through consolidation.

Maintain low-cost, decentralized operations. We focus on controlling costs, and we attribute our low overhead costs primarily to our decentralized structure.

Recent Developments

Cash Distribution for Second Quarter

We declared a cash distribution for the second quarter of 2010 of \$0.89375 per unit, or \$3.575 per unit on an annualized basis. The cash distribution was paid on August 16, 2010 to unitholders of record as of August 9, 2010.

Transfer of Interest in MEP

On May 26, 2010, we completed the transfer of the membership interests in ETC Midcontinent Express Pipeline III, L.L.C., or ETC MEP III, to ETE pursuant to the Redemption and Exchange Agreement between us and ETE, dated as of May 10, 2010, which transaction we refer to as the MEP Transaction. ETC MEP III owns a 49.9% membership interest in MEP, our joint venture with KMP, that owns and operates the Midcontinent Express Pipeline. In exchange for the membership interests in ETC MEP III, we redeemed 12,273,830 ETP common units that were previously owned by ETE. The consideration payable under the Redemption and Exchange Agreement is subject to post-closing purchase price adjustments, payable in cash, including (i) adjustments based on changes in the working capital and long-term debt levels of MEP from those as of January 1, 2010 and any capital expenditures made by MEP after January 1, 2010 and (ii) an adjustment based on crediting ETE with the amount of cash distributions it would otherwise have received with respect to the second quarter of 2010, pro rated for the period from April 1, 2010 through May 26, 2010, the date of the closing of the transaction. We also granted ETE an option to acquire the membership interests in ETC Midcontinent Express Pipeline II, L.L.C., or ETC MEP II. ETC MEP II owns a 0.1% membership interest in MEP. The option may not be exercised until May 27, 2011. In conjunction with this transfer of our interest in ETC MEP III, we recorded a non-cash charge of approximately \$53 million during the second quarter of 2010 to reduce the carrying value of our interest in ETC MEP III to its estimated fair value.

As part of the MEP Transaction, on May 26, 2010, ETE completed the contribution of the membership interests in ETC MEP III and the assignment of its rights under the option to acquire all of the membership interests in ETC MEP II, to a subsidiary of Regency Energy Partners LP, or Regency, in exchange for 26,266,791 Regency common units. In addition, ETE completed the acquisition of a 100% equity interest in the general partner entities of Regency from an affiliate of GE Energy Financial Services, Inc., or GE EFS. In exchange, ETE issued 3,000,000 Series A Convertible Preferred Units to the affiliate of GE EFS.

We will continue to guarantee 50% of MEP's obligations under MEP's \$175.4 million senior revolving credit facility, with the remaining 50% of MEP's obligations guaranteed by KMP; however, Regency has agreed to indemnify us for any costs related to the guaranty of payments under this facility.

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Our Principal Executive Offices

We are a limited partnership formed under the laws of the State of Delaware. 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. Information contained on this website, however, is not incorporated into or otherwise a part of this prospectus supplement or the accompanying prospectus.

Our Organizational Structure

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. 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 of directors and officers of Energy Transfer Partners, L.L.C. make decisions on our behalf.

The chart on the following page depicts our organizational structure and ownership of us after giving effect to this offering (assuming no exercise of the underwriters' option to purchase additional common units and that the general partner does not make a capital contribution to maintain its approximate 1.9% general partner interest).

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Energy Transfer Partners Ownership and Organizational Chart

Ownership of Energy Transfer Partners After This Offering

Public common units	72.1%
General partner interest(1)	1.8%
Common units owned by Energy Transfer Equity	26.1%
	100.0%

(1) Assumes that the general partner does not make a capital contribution to maintain its current general partner interest following the offering.

(2) Includes approximately 560,000 common units owned by management of Energy Transfer Partners, L.P.

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The Offering

Common units offered	8,000,000 common units 9,200,000 common units if the underwriters exercise in full their option to purchase additional common units.
Units outstanding after this offering	188,638,718 common units, or 189,838,718 common units if the underwriters exercise in full their option to purchase an additional 1,200,000 common units.
Use of proceeds	We will receive net proceeds of approximately \$ million from the sale of the 8,000,000 common units offered hereby, after deducting underwriting discounts and commissions and estimated offering expenses. We will use the net proceeds from this offering and from the underwriters exercise of their option to purchase additional common units, if any, to repay amounts outstanding under our revolving credit facility, to fund capital expenditures related to pipeline construction projects and for general partnership purposes. Please read Use of Proceeds.
Cash distributions	Under our partnership agreement, we must distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner. We refer to this cash as available cash, and we define its meaning in our partnership agreement. We declared a quarterly cash distribution for our second quarter of 2010 of \$0.89375 per common unit, or \$3.575 on an annualized basis. We paid this cash distribution on August 16, 2010 to unitholders of record at the close of business on August 9, 2010. Please read Cash Distribution Policy beginning on page S-21 for more information.
Limited call right	If at any time our general partner and its affiliates own more than 80% of our outstanding common units, our general partner has the right, but not the obligation, to purchase all of the remaining common units at a price not less than the then-current market price of the common units. Management and other affiliates of our general partner will own approximately 27% of our common units after this offering.
Limited voting rights	Our general partner manages and operates us. Unlike the holders of common stock in a corporation, you will have only limited voting rights on matters affecting our business. You will have no right to elect our general partner or its officers or directors. Our general partner may not be removed except by a vote of the holders of at least 662/3% of the outstanding units, including units owned by our general partner and its affiliates, voting together as a single class. Management and other affiliates of our general partner will own approximately 27% of our outstanding common units after this offering.

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Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through December 31, 2012, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 20% of the cash distributed to you with respect to that period. Please read Material Tax Considerations in this prospectus supplement for the basis of this estimate.
Material tax consequences	For a discussion of other material federal income tax considerations that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read Material Income Tax Considerations in the accompanying prospectus.
Exchange listing	Our common units are traded on the New York Stock Exchange under the symbol ETP .
Risk factors	There are risks associated with this offering and our business. You should consider carefully the risk factors on page S-11 of this prospectus supplement and beginning on page 4 of the accompanying prospectus and the other risks identified in the documents incorporated by reference herein before making a decision to purchase common units in this offering.

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RISK FACTORS

An investment in our common units involves risk. You should carefully read and consider the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2009 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, together with all of the other information included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, before investing in our common units.

USE OF PROCEEDS

We will receive net proceeds of approximately \$ million from the sale of the 8,000,000 common units we are offering, after deducting underwriting discounts and commissions and estimated offering expenses.

We will use the net proceeds of this offering and any net proceeds from the underwriters' exercise of their option to purchase additional common units to repay amounts outstanding under our revolving credit facility, to fund capital expenditures related to pipeline construction projects and for general partnership purposes.

As of August 13, 2010, an aggregate of approximately \$231.4 million of borrowings were outstanding under our revolving credit facility, and there were \$21.8 million of letters of credit outstanding. The weighted average interest rate on the total amount outstanding at August 13, 2010 was 0.89%. Our revolving credit facility matures on July 20, 2012. We use revolving credit loans to fund growth capital expenditures and working capital requirements.

The underwriters may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of business. Affiliates of certain of the underwriters are lenders under our revolving credit facility and, accordingly, will receive proceeds from this offering. Please read "Underwriting Relationships with Underwriters."

Table of Contents**PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS**

Our common units are listed on the NYSE under the symbol ETP. The last reported sales price of the common units on the NYSE on August 16, 2010 was \$47.56. As of August 16, 2010, we had issued and outstanding 180,638,718 common units, which were beneficially held by approximately 202,000 unitholders. The following table sets forth the range of high and low sales prices of the common units, on the NYSE, as well as the amount of cash distributions paid per common unit for the periods indicated.

Period Ended:	Price Ranges		Cash
	Low	High	Distributions Per Unit(1)
Fiscal Year 2010			
Third Quarter Ending September 30, 2010 (through August 16, 2010)	\$ 45.41	\$ 51.95	N/A(3)
Second Quarter Ended June 30, 2010	\$ 40.06	\$ 49.99	\$ 0.89375(2)
First Quarter Ended March 31, 2010	\$ 42.69	\$ 47.76	\$ 0.89375
Fiscal Year 2009			
Fourth Quarter Ended December 31, 2009	\$ 40.77	\$ 45.56	\$ 0.89375
Third Quarter Ended September 30, 2009	\$ 38.70	\$ 47.44	\$ 0.89375
Second Quarter Ended June 30, 2009	\$ 36.50	\$ 44.33	\$ 0.89375
First Quarter Ended March 31, 2009	\$ 30.72	\$ 38.69	\$ 0.89375
Fiscal Year 2008			
Fourth Quarter Ended December 31, 2008	\$ 22.40	\$ 40.00	\$ 0.89375
Third Quarter Ended September 30, 2008	\$ 28.61	\$ 45.29	\$ 0.89375
Second Quarter Ended June 30, 2008	\$ 42.32	\$ 51.12	\$ 0.89375
First Quarter Ended March 31, 2008	\$ 43.58	\$ 54.56	\$ 0.86875

- (1) Distributions are shown in the quarter with respect to which they relate. For each of the indicated quarters for which distributions have been made, an identical per unit cash distribution was paid on any units subordinated to our common units outstanding at such time.
- (2) We declared a quarterly cash distribution for the second quarter of 2010 of \$0.89375 per common unit, or \$3.575 on an annualized basis. We paid this cash distribution on August 16, 2010 to unitholders of record at the close of business on August 9, 2010.
- (3) Cash distributions in respect of the third quarter of 2010 have not been declared or paid.

Table of Contents**CAPITALIZATION**

The following table sets forth our consolidated cash and capitalization as of June 30, 2010 on:

an actual basis;

an adjusted basis to give effect to the issuance of an aggregate of 501,500 common units under our equity distribution program subsequent to June 30, 2010 for net proceeds of approximately \$23.1 million, which were used to repay amounts outstanding under our revolving credit facility; and

a pro forma basis to give effect to the public offering of 8,000,000 common units at an offering price of \$ per common unit, as if the transaction had occurred on June 30, 2010, and the application of the net proceeds therefrom to increase cash and cash equivalents pending the uses set forth under Use of Proceeds.

The actual information in the table is derived from and should be read in conjunction with our historical financial statements, including the accompanying notes, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Actual	June 30, 2010 As Adjusted (In thousands)	Pro Forma
Cash and cash equivalents	\$ 78,808	\$ 78,808	\$
Debt, including current maturities:			
Senior notes	\$ 6,051,704	\$ 6,051,704	\$ 6,051,704
Other debt	9,176	9,176	9,176
Revolving credit facility	29,256	6,169	
Total long-term debt	6,090,136	6,067,049	
Less current maturities	(40,693)	(40,693)	(40,693)
Long-term debt, less current maturities	6,049,443	6,026,356	
Partners' capital:			
Common unitholders	4,147,705	4,170,792	
General partner	172,153	172,153	
Accumulated other comprehensive income (loss)	15,770	15,770	15,770
Total partners' capital	4,335,628	4,358,715	
Total capitalization	\$ 10,385,071	\$ 10,385,071	\$

As of August 13, 2010, an aggregate of approximately \$231.4 million of borrowings were outstanding and \$21.8 million of letters of credit were issued under our revolving credit facility.

The table above does not include outstanding indebtedness of FEP, a company in which we and KMP each own a 50% interest. As of August 13, 2010, FEP had \$830.0 million of borrowings outstanding under its \$1.1 billion senior revolving credit facility. We have guaranteed 50% of FEP's obligations under this facility, with the remaining 50% of FEP's obligations guaranteed by KMP.

The table above also does not include outstanding indebtedness of MEP, a company in which we formerly owned a 50% interest. As of August 13, 2010, MEP had \$73.6 million of borrowings and \$33.3 million of letters of credit issued under its senior revolving credit facility and \$800 million of senior unsecured notes outstanding. Effective in May 2010, the commitment amount under the senior revolving credit facility was reduced to \$175.4 million due to lower usage and anticipated capital contributions. We have guaranteed 50% of MEP's obligations under this facility, with the remaining 50% of MEP's obligations guaranteed by KMP. Although we transferred substantially all of our interest in MEP on May 26, 2010, as discussed above under Summary Recent Developments Transfer of Interest in MEP, we will continue to guarantee 50% of MEP's obligations under this facility through the maturity of the facility in February 2011; however, Regency has agreed to indemnify us for any costs related to the guaranty of payments under this facility.

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DESCRIPTION OF UNITS

As of August 16, 2010, there were approximately 202,000 individual common unitholders, which includes common units held in street name. Our common units represent limited partner interests in us that entitle the holders to the rights and privileges specified in our Second Amended and Restated Agreement of Limited Partnership.

Common Units, Class E Units and General Partner Interest

As of August 16, 2010, we had 180,638,718 common units outstanding, of which 130,411,751 were held by the public, including approximately 560,000 common units held by our officers and directors, and 50,226,967 common units held by ETE. Our common units are listed for trading on the NYSE under the symbol ETP. The common units are entitled to distributions of available cash as described below under Cash Distribution Policy.

There are currently 8,853,832 Class E units outstanding, all of which were issued in conjunction with our purchase of the capital stock of Heritage Holdings in January 2004, and are owned by Heritage Holdings. The Class E units generally do not have any voting rights. These Class E units are entitled to aggregate cash distributions equal to 11.1% of the total amount of cash distributed to all unitholders, including the Class E unitholders, up to \$1.41 per unit per year. Management plans to continue its ownership of the Class E units by Heritage Holdings indefinitely.

As of August 16, 2010, our general partner owned an approximate 1.9% general partner interest in us and the holders of common units and Class E units collectively owned an approximate 98.1% limited partner interest in us.

Issuance of Additional Securities

Our partnership agreement authorizes us to issue an unlimited number of additional partnership securities and rights to buy partnership securities for the consideration and on the terms and conditions established by our general partner in its sole discretion, without the approval of the unitholders. Any such additional partnership securities may be senior to the common units.

It is possible that we will fund acquisitions through the issuance of additional common units or other equity securities. Holders of any additional common units we issue will be entitled to share equally with the then-existing holders of common units in our distributions of available cash. In addition, the issuance of additional partnership interests may dilute the value of the interests of the then-existing holders of common units in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership securities that, in the sole discretion of the general partner, have special voting rights to which the common units are not entitled.

Upon issuance of additional partnership securities, our general partner has the right to make additional capital contributions to the extent necessary to maintain its then-existing general partner interest in us. In the event that our general partner does not make its proportionate share of capital contributions to us based on its then-current general partner interest percentage, its general partner percentage will be proportionately reduced in the manner specified in our partnership agreement. Moreover, our general partner will have the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other equity securities whenever, and on the same terms that, we issue those securities to persons other than the general partner and its affiliates, to the extent necessary to maintain its percentage interest, including its interest represented by common units, that existed immediately prior to each issuance. The holders of common units will not have preemptive rights to acquire additional common units or

other partnership securities.

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Unitholder Approval

The following matters require the approval of the majority of the outstanding common units, including the common units owned by the general partner and its affiliates:

a merger of our partnership;

a sale or exchange of all or substantially all of our assets;

dissolution or reconstitution of our partnership upon dissolution;

certain amendments to the partnership agreement; and

the transfer to another person of the incentive distribution rights at any time, except for transfers to affiliates of the general partner or transfers in connection with the general partner's merger or consolidation with or into, or sale of all or substantially all of its assets to, another person.

The removal of our general partner requires the approval of not less than 662/3% of all outstanding units, including units held by our general partner and its affiliates. Any removal is subject to the election of a successor general partner by the holders of a majority of the outstanding common units, including units held by our general partner and its affiliates.

Amendments to Our Partnership Agreement

Amendments to our partnership agreement may be proposed only by our general partner. Certain amendments require the approval of a majority of the outstanding common units, including common units owned by the general partner and its affiliates. Any amendment that materially and adversely affects the rights or preferences of any class of partnership interests in relation to other classes of partnership interests will require the approval of at least a majority of the class of partnership interests so affected. Our general partner may make amendments to the partnership agreement without unitholder approval to reflect:

a change in our name, the location of our principal place of business or our registered agent or office;

the admission, substitution, withdrawal or removal of partners;

a change to qualify or continue our qualification as a limited partnership or a partnership in which the limited partners have limited liability or to ensure that neither we nor our operating partnership will be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

a change that does not adversely affect our unitholders in any material respect;

a change (i) that is necessary or advisable to (A) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute, or (B) facilitate the trading of common units or comply with any rule, regulation, guideline or requirement of any national securities exchange on which the common units are or will be listed for trading, (ii) that is necessary or advisable in connection with action taken by our general partner with respect to subdivision and combination of our securities or (iii) that is required to effect the intent expressed in our partnership agreement;

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a change in our fiscal year or taxable year and any changes that are necessary or advisable as a result of a change in our fiscal year or taxable year;

an amendment that is necessary to prevent us, or our general partner or its directors, officers, trustees or agents from being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisors Act of 1940, as amended, or plan asset regulations adopted under the Employee Retirement Income Security Act of 1974, as amended;

an amendment that is necessary or advisable in connection with the authorization or issuance of any class or series of our securities;

any amendment expressly permitted in our partnership agreement to be made by our general partner acting alone;

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an amendment effected, necessitated or contemplated by a merger agreement approved in accordance with our partnership agreement;

an amendment that is necessary or advisable to reflect, account for and deal with appropriately our formation of, or investment in, any corporation, partnership, joint venture, limited liability company or other entity other than our operating partnership, in connection with our conduct of activities permitted by our partnership agreement;

a merger or conveyance to effect a change in our legal form; or

any other amendment substantially similar to the foregoing.

Withdrawal or Removal of Our General Partner

Our general partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days' written notice, and that withdrawal will not constitute a violation of our partnership agreement. In addition, our general partner may withdraw without unitholder approval upon 90 days' notice to our limited partners if at least 50% of our outstanding common units are held or controlled by one person and its affiliates other than our general partner and its affiliates.

Upon the voluntary withdrawal of our general partner, the holders of a majority of our outstanding common units, excluding the common units held by the withdrawing general partner and its affiliates, may elect a successor to the withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, we will be dissolved, wound up and liquidated, unless within 90 days after that withdrawal, the holders of a majority of our outstanding units, excluding the common units held by the withdrawing general partner and its affiliates, agree to continue our business and to appoint a successor general partner.

Our general partner may not be removed unless that removal is approved by the vote of the holders of not less than 66 2/3% of our outstanding units, including units held by our general partner and its affiliates, and we receive an opinion of counsel regarding limited liability and tax matters. In addition, if our general partner is removed as our general partner under circumstances where cause does not exist, our general partner will have the right to receive cash in exchange for its partnership interest as a general partner in us, its partnership interest as the general partner of any member of the Energy Transfer partnership group and its incentive distribution rights. Cause is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding the general partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as our general partner. Any removal of this kind is also subject to the approval of a successor general partner by the vote of the holders of the majority of our outstanding common units, including those held by our general partner and its affiliates.

While our partnership agreement limits the ability of our general partner to withdraw, it allows the general partner interest to be transferred if, among other things, the transferee assumes the rights and duties of our general partner, furnishes an opinion of counsel regarding limited liability and tax matters and agrees to purchase all (or the appropriate portion thereof, if applicable) of our general partner's general partner interest in us and any of our subsidiaries. In addition, our partnership agreement expressly permits the sale, in whole or in part, of the ownership of our general partner. Our general partner may also transfer, in whole or in part, any common units it owns.

Liquidation and Distribution of Proceeds

Upon our dissolution, unless we are reconstituted and continue as a new limited partnership, the person authorized to wind up our affairs (the liquidator) will, acting with all the powers of our general partner that the liquidator deems necessary or desirable in its good faith judgment, liquidate our assets. The proceeds of the liquidation will be applied as follows:

first, towards the payment of all of our creditors and the creation of a reserve for contingent liabilities; and

then, to all partners in accordance with the positive balance in their respective capital accounts.

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Under some circumstances and subject to some limitations, the liquidator may defer liquidation or distribution of our assets for a reasonable period of time. If the liquidator determines that a sale would be impractical or would cause a loss to our partners, our general partner may distribute assets in kind to our partners.

Limited Call Right

If at any time less than 20% of the total limited partner interests of any class are held by persons other than our general partner and its affiliates, our general partner will have the right to acquire all, but not less than all, of those common units at a price no less than their then-current market price. As a consequence, a unitholder may be required to sell his common units at an undesirable time or price. Our general partner may assign this purchase right to any of its affiliates or us.

Indemnification

Under our partnership agreement, in most circumstances, we will indemnify our general partner, its affiliates and their officers and directors to the fullest extent permitted by law, from and against all losses, claims or damages any of them may suffer by reason of their status as general partner, officer or director, as long as the person seeking indemnity acted in good faith and in a manner believed to be in or not opposed to our best interest and, with respect to any criminal proceeding, had no reasonable cause to believe the conduct was unlawful. Any indemnification under these provisions will only be out of our assets. Our general partner shall not be personally liable for, or have any obligation to contribute or loan funds or assets to us to effectuate any indemnification. We are authorized to purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our partnership agreement.

Listing

Our outstanding common units are listed on the NYSE under the symbol ETP. Any additional common units we issue also will be listed on the NYSE.

Transfer Agent and Registrar

The transfer agent and registrar for the common units is American Stock Transfer & Trust Company.

Transfer of Common Units

Each purchaser of common units offered by this prospectus must execute a transfer application. By executing and delivering a transfer application, the purchaser of common units:

becomes the record holder of the common units and is an assignee until admitted into our partnership as a substituted limited partner;

automatically requests admission as a substituted limited partner in our partnership;

agrees to be bound by the terms and conditions of, and executes, our partnership agreement;

represents that such person has the capacity, power and authority to enter into the partnership agreement;

grants to our general partner the power of attorney to execute and file documents required for our existence and qualification as a limited partnership, the amendment of the partnership agreement, our dissolution and liquidation, the admission, withdrawal, removal or substitution of partners, the issuance of additional partnership securities and any merger or consolidation of the partnership; and

makes the consents and waivers contained in the partnership agreement, including the waiver of the fiduciary duties of the general partner to unitholders as described in Risk Factors Risks Related to Conflicts of Interests Our partnership agreement limits our General Partner's fiduciary duties to our Unitholders and restricts the remedies available to Unitholders for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duty included in our Annual Report on Form 10-K for the year ended December 31, 2009.

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An assignee will become a substituted limited partner of our partnership for the transferred common units upon the consent of our general partner and the recording of the name of the assignee on our books and records. Although the general partner has no current intention of doing so, it may withhold its consent in its sole discretion. An assignee who is not admitted as a limited partner will remain an assignee. An assignee is entitled to an interest equivalent to that of a limited partner for the right to share in allocations and distributions from us, including liquidating distributions. Furthermore, our general partner will vote and exercise other powers attributable to common units owned by an assignee at the written direction of the assignee.

Transfer applications may be completed, executed and delivered by a purchaser's broker, agent or nominee. We are entitled to treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and are transferable according to the laws governing transfer of securities. In addition to other rights acquired, the purchaser has the right to request admission as a substituted limited partner in our partnership for the purchased common units. A purchaser of common units who does not execute and deliver a transfer application obtains only:

the right to assign the common unit to a purchaser or transferee; and

the right to transfer the right to seek admission as a substituted limited partner in our partnership for the purchased common units.

Thus, a purchaser of common units who does not execute and deliver a transfer application:

will not receive cash distributions or federal income tax allocations, unless the common units are held in a nominee or street name account and the nominee or broker has executed and delivered a transfer application; and

may not receive some federal income tax information or reports furnished to record holders of common units.

Until a common unit has been transferred on our books, we and the transfer agent, notwithstanding any notice to the contrary, may treat the record holder of the common unit as the absolute owner for all purposes, except as otherwise required by law or NYSE regulations.

Status as Limited Partner or Assignee

Except as described under **Limited Liability**, the common units will be fully paid, and the unitholders will not be required to make additional capital contributions to us.

Limited Liability

Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Revised Uniform Limited Partnership Act (the Delaware Act) and that he otherwise acts in conformity with the provisions of our partnership agreement, his liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital he is obligated to contribute to us for his common units plus his share of any undistributed profits and assets. If it were determined, however, that the right or exercise of the right by the limited partners as a group to remove or replace the general partner, to approve some amendments to our partnership

agreement, or to take other action under our partnership agreement, constituted participation in the control of our business for the purposes of the Delaware Act, then the limited partners could be held personally liable for our obligations under Delaware law, to the same extent as the general partner. This liability would extend to persons who transact business with us and who reasonably believe that the limited partner is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our general partner if a limited partner were to lose limited liability through any fault of the general partner. While this does not mean that a limited partner could not seek legal recourse, we have found no precedent for this type of a claim in Delaware case law.

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Under the Delaware Act, a limited partnership may not make a distribution to a partner if after the distribution all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of our partnership, exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware Act, an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations of his assignor to make contributions to our partnership, except the assignee is not obligated for liabilities unknown to him at the time he became a limited partner and which could not be ascertained from our partnership agreement.

Our subsidiaries currently conduct business in 45 states: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, Minnesota, Mississippi, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Wisconsin, Washington, West Virginia and Wyoming. To maintain the limited liability for Energy Transfer Partners, L.P., as the holder of a 100% limited partner interest in Heritage Operating, L.P., we may be required to comply with legal requirements in the jurisdictions in which Heritage Operating, L.P. conducts business, including qualifying our subsidiaries to do business there. Limitations on the liability of limited partners for the obligations of a limited partnership have not been clearly established in many jurisdictions. If it were determined that we were, by virtue of our limited partner interest in Heritage Operating, L.P. or otherwise, conducting business in any state without compliance with the applicable limited partnership statute, or that our right or the exercise of our right to remove or replace Heritage Operating, L.P.'s general partner, to approve some amendments to Heritage Operating, L.P.'s partnership agreement, or to take other action under Heritage Operating, L.P.'s partnership agreement constituted participation in the control of Heritage Operating, L.P.'s business for purposes of the statutes of any relevant jurisdiction, then we could be held personally liable for Heritage Operating, L.P.'s obligations under the law of that jurisdiction to the same extent as our general partner under the circumstances. We will operate in a manner as our general partner considers reasonable and necessary or appropriate to preserve our limited liability.

Meetings; Voting

Except as described below regarding a person or group owning 20% or more of any class of units then outstanding, unitholders or assignees who are record holders of units on the record date will be entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters for which approvals may be solicited. Common units that are owned by an assignee who is a record holder, but who has not yet been admitted as a limited partner, shall be voted by our general partner at the written direction of the record holder. Absent direction of this kind, the common units will not be voted, except that, in the case of common units held by our general partner on behalf of non-citizen assignees, our general partner shall distribute the votes on those common units in the same ratios as the votes of limited partners on other units are cast.

Our general partner does not anticipate that any meeting of unitholders will be called in the foreseeable future. If authorized by our general partner, any action that is required or permitted to be taken by the unitholders may be taken either at a meeting of the unitholders or without a meeting if consents in writing describing the action so taken are signed by holders of the number of units as would be necessary to authorize or take that action at a meeting. Meetings of the unitholders may be called by our general partner or by unitholders owning at least 20% of the outstanding units

of the class for which a meeting is proposed. Unitholders may vote either in person or by proxy at meetings. The holders of a majority of the outstanding units of the class or classes for which a meeting has been called represented in person or by proxy shall

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constitute a quorum unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum shall be the greater percentage.

Each record holder of a unit has a vote according to his percentage interest in us, although additional limited partner interests having special voting rights could be issued. However, if at any time any person or group, other than our general partner and its affiliates, owns, in the aggregate, beneficial ownership of 20% or more of the common units then outstanding, the person or group will lose voting rights on all of its common units and its common units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes. Common units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Any notice, demand, request, report or proxy material required or permitted to be given or made to record holders of common units under our partnership agreement will be delivered to the record holder by us or by the transfer agent.

Books and Reports

Our general partner is required to keep appropriate books of our business at our principal offices. The books will be maintained for both tax and financial reporting purposes on an accrual basis. Reporting for tax purposes is done on a calendar year basis.

We will furnish or make available to record holders of common units, within 120 days after the close of each fiscal year, an annual report containing audited financial statements and a report on those financial statements by our independent public accountants. Except for our fourth quarter, we will also furnish or make available summary financial information within 90 days after the close of each quarter.

We will furnish each record holder of a unit with information reasonably required for tax reporting purposes within 90 days after the close of each calendar year. This information is expected to be furnished in summary form so that some complex calculations normally required of partners can be avoided. Our ability to furnish this summary information to unitholders will depend on the cooperation of unitholders in supplying us with specific information. Every unitholder will receive information to assist him in determining his federal and state tax liability and filing his federal and state income tax returns, regardless of whether he supplies us with information.

Our partnership agreement provides that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable demand and at his own expense, have furnished to him:

a current list of the name and last known address of each partner;

a copy of our tax returns;

information as to the amount of cash, and a description and statement of the agreed value of any other property or services, contributed or to be contributed by each partner and the date on which each became a partner;

copies of our partnership agreement, the certificate of limited partnership of the partnership, related amendments and powers of attorney under which they have been executed;

information regarding the status of our business and financial condition; and

any other information regarding our affairs as is just and reasonable.

Our general partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which our general partner believes in good faith is not in our best interests or that we are required by law or by agreements with third parties to keep confidential.

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CASH DISTRIBUTION POLICY

Following is a description of the relative rights and preferences of holders of our common units in and to cash distributions. Upon the issuance of any additional common units, the general partner may make, but is not obligated to make, capital contributions to maintain its then current general partner interest. In the event the general partner elects not to make such capital contribution, its general partner interest will be diluted accordingly. As of August 16, 2010, our general partner owned an approximate 1.9% general partner interest in us.

Distributions of Available Cash

General. We will distribute all of our available cash to our unitholders and our general partner within 45 days following the end of each fiscal quarter.

Definition of Available Cash. Available cash is defined in our partnership agreement and generally means, with respect to any calendar quarter, all cash on hand at the end of such quarter:

less the amount of cash reserves that are necessary or appropriate in the reasonable discretion of the general partner to:

provide for the proper conduct of our business;

comply with applicable law or any debt instrument or other agreement (including reserves for future capital expenditures and for our future credit needs); or

provide funds for distributions to unitholders and our general partner in respect of any one or more of the next four quarters;

plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under our credit facilities and in all cases are used solely for working capital purposes or to pay distributions to partners.

Operating Surplus and Capital Surplus

General. All cash distributed to unitholders will be characterized as either operating surplus or capital surplus. We distribute available cash from operating surplus differently than available cash from capital surplus.

Definition of Operating Surplus. Operating surplus for any period generally means:

our cash balance on the closing date of our initial public offering; plus

\$10.0 million (as described below); plus

all of our cash receipts since the closing of our initial public offering, excluding cash from interim capital transactions such as borrowings that are not working capital borrowings, sales of equity and debt securities and sales or other dispositions of assets outside the ordinary course of business; plus

our working capital borrowings made after the end of a quarter but before the date of determination of operating surplus for the quarter; less

all of our operating expenditures after the closing of our initial public offering, including the repayment of working capital borrowings, but not the repayment of other borrowings, and including maintenance capital expenditures; less

the amount of cash reserves that the general partner deems necessary or advisable to provide funds for future operating expenditures.

Definition of Capital Surplus. Generally, capital surplus will be generated only by:

borrowings other than working capital borrowings;

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sales of debt and equity securities; and

sales or other disposition of assets for cash, other than inventory, accounts receivable and other current assets sold in the ordinary course of business or as part of normal retirements or replacements of assets.

Characterization of Cash Distributions. We will treat all available cash distributed as coming from operating surplus until the sum of all available cash distributed since we began operations equals the operating surplus as of the most recent date of determination of available cash. We will treat any amount distributed in excess of operating surplus, regardless of its source, as capital surplus. As reflected above, operating surplus includes \$10.0 million in addition to our cash balance on the closing date of our initial public offering, cash receipts from our operations and cash from working capital borrowings. This amount does not reflect actual cash on hand that is available for distribution to our unitholders. Rather, it is a provision that enables us, if we choose, to distribute as operating surplus up to \$10.0 million of cash we receive in the future from non-operating sources, such as asset sales, issuances of securities, and long-term borrowings, that would otherwise be distributed as capital surplus. We have not made, and we anticipate that we will not make, any distributions from capital surplus.

Incentive Distribution Rights

Incentive distribution rights represent the contractual right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution has been paid. Please read *Distributions of Available Cash from Operating Surplus* below. The general partner owns all of the incentive distribution rights.

Distributions of Available Cash from Operating Surplus

The terms of our partnership agreement require that we make cash distributions with respect to each calendar quarter within 45 days following the end of each calendar quarter. We are required to make distributions of available cash from operating surplus for any quarter in the following manner:

First, 100% to all common and Class E unitholders and the general partner, in accordance with their percentage interests, until each common unit has received \$0.25 per unit for such quarter (the minimum quarterly distribution);

Second, 100% to all common and Class E unitholders and the general partner, in accordance with their respective percentage interests, until each common unit has received \$0.275 per unit for such quarter (the first target distribution);

Third, 87% to all common and Class E unitholders and the general partner, in accordance with their respective percentage interests, and 13% to the holders of incentive distribution rights, pro rata, until each common unit has received \$0.3175 per unit for such quarter (the second target distribution);

Fourth, 77% to all common and Class E unitholders and the general partner, in accordance with their respective percentage interests, and 23% to the holders of incentive distribution rights, pro rata, until each common unit has received \$0.4125 per unit for such quarter (the third target distribution); and

Fifth, thereafter, 52% to all common and Class E unitholders and the general partner, in accordance with their respective percentage interests, and 48% to the holders of incentive distribution rights, pro rata.

Notwithstanding the foregoing, the distributions on each Class E unit may not exceed \$1.41 per year.

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Distributions of Available Cash from Capital Surplus

The terms of our partnership agreement require that we make cash distributions with respect to each calendar quarter within 45 days following the end of each calendar quarter. We will make distributions of available cash from capital surplus, if any, in the following manner:

First, 100% to all unitholders and the general partner, in accordance with their respective percentage interests, until we distribute for each common unit an amount of available cash from capital surplus equal to the initial public offering price;

Thereafter, we will make all distributions of available cash from capital surplus as if they were from operating surplus.

Our partnership agreement treats a distribution of capital surplus as the repayment of the initial unit price from the initial public offering, which is a return of capital. The initial public offering price per common unit less any distributions of capital surplus per unit is referred to as the unrecovered capital .

If we combine our units into fewer units or subdivide our units into a greater number of units, we will proportionately adjust our minimum quarterly distribution, our target cash distribution levels, and our unrecovered capital.

For example, if a two-for-one split of our common units should occur, our unrecovered capital would be reduced to 50% of our initial level. We will not make any adjustment by reason of our issuance of additional units for cash or property.

On January 14, 2005, our general partner announced a two-for-one split of our common units that was effected on March 15, 2005. As a result, our minimum quarterly distribution and the target cash distribution levels were reduced to 50% of their initial levels. Our adjusted minimum quarterly distribution and the adjusted target cash distribution levels are reflected in the discussion above under the caption Distributions of Available Cash from Operating Surplus.

In addition, if legislation is enacted or if existing law is modified or interpreted in a manner that causes us to become taxable as a corporation or otherwise subject to taxation as an entity for federal, state or local income tax purposes, we will reduce our minimum quarterly distribution and the target cash distribution levels by multiplying the same by one minus the sum of the highest marginal federal corporate income tax rate that could apply and any increase in the effective overall state and local income tax rates.

Distributions of Cash Upon Liquidation

General. If we dissolve in accordance with our partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of our creditors. We will distribute any remaining proceeds to the unitholders and the general partner, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

Any further net gain recognized upon liquidation will be allocated in a manner that takes into account the incentive distribution rights of the general partner.

Manner of Adjustments for Gain. The manner of the adjustment for gain is set forth in our partnership agreement in the following manner:

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First, to the general partner and the holders of units who have negative balances in their capital accounts to the extent of and in proportion to those negative balances;

Second, 100% to the common unitholders and the general partner, in accordance with their respective percentage interests, until the capital account for each common unit is equal to the sum of:

the unrecovered capital; and

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the amount of the minimum quarterly distribution for the quarter during which our liquidation occurs;

Third, 100% to all unitholders and the general partner, in accordance with their respective percentage interests, until we allocate under this paragraph an amount per unit equal to:

the sum of the excess of the first target distribution per unit over the minimum quarterly distribution per unit for each quarter of our existence; less

the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the minimum quarterly distribution per unit that we distributed 100% to the unitholders and the general partner, in accordance with their percentage interests, for each quarter of our existence;

Fourth, 87% to all unitholders and the general partner, in accordance with their respective percentage interests, and 13% to the holders of the incentive distribution rights, pro rata, until we allocate under this paragraph an amount per unit equal to:

the sum of the excess of the second target distribution per unit over the first target distribution per unit for each quarter of our existence; less

the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the first target distribution per unit that we distributed 87% to the unitholders and the general partner, in accordance with their percentage interests, and 13% to the holders of the incentive distribution rights, pro rata, for each quarter of our existence;

Fifth, 77% to all unitholders and the general partner, in accordance with their respective percentage interests, and 23% to the holders of the incentive distribution rights, pro rata, until we allocate under this paragraph an amount per unit equal to:

the sum of the excess of the third target distribution per unit over the second target distribution per unit for each quarter of our existence; less

the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the second target distribution per unit that we distributed 77% to the unitholders and the general partner, in accordance with their respective percentage interests, and 23% to the holders of the incentive distribution rights, pro rata, for each quarter of our existence; and

Sixth, thereafter, 52% to all unitholders and the general partner, in accordance with their respective percentage interests, and 48% to the holders of the incentive distribution rights, pro rata.

Manner of Adjustment for Losses. Upon our liquidation, we will generally allocate any loss to the general partner and the unitholders in the following manner:

First, 100% to the holders of common units and the general partner in proportion to the positive balances in the common unitholders' capital accounts and the general partner's percentage interest, respectively, until the capital accounts of the common unitholders have been reduced to zero; and

Second, thereafter, 100% to the general partner.

Adjustments to Capital Accounts upon the Issuance of Additional Units. We will make adjustments to capital accounts upon the issuance of additional units. In doing so, we will allocate any unrealized and, for tax purposes, unrecognized gain or loss resulting from the adjustments to the unitholders and the general partner in the same manner as we allocate gain or loss upon liquidation. In the event that we make positive adjustments to the capital accounts upon the issuance of additional units, we will allocate any later negative adjustments to the capital accounts resulting from the issuance of additional units or upon our liquidation in a manner which results, to the extent possible, in the general partner's capital account balances equaling the amount which they would have been if no earlier positive adjustments to the capital accounts had been made.

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MATERIAL TAX CONSIDERATIONS

The tax consequences to you of an investment in our common units will depend in part on your own tax circumstances. Although this section updates and adds information related to certain tax considerations, it should be read in conjunction with the risk factors included under the caption "Tax Risks to Common Unitholders" beginning on page 25 of the accompanying prospectus and the risk factors in our Annual Report on Form 10-K for the year ended December 31, 2009, and with "Material Income Tax Considerations" in the accompanying prospectus, which provides a discussion of the principal federal income tax considerations associated with our operations and the purchase, ownership and disposition of our common units. The following discussion is limited as described under the caption "Material Income Tax Considerations" in the accompanying prospectus.

All prospective unitholders are encouraged to consult with their own tax advisors about the federal, state, local and foreign tax consequences particular to their own circumstances. In particular, ownership of common units by tax-exempt entities, including employee benefit plans and IRAs, and foreign investors raises issues unique to such persons. The relevant rules are complex, and the discussions herein and in the accompanying prospectus do not address tax considerations applicable to tax-exempt entities and foreign investors, except as specifically set forth in the accompanying prospectus. Please read "Material Income Tax Considerations - Tax-Exempt Organizations and Other Investors" in the accompanying prospectus.

Partnership Status

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay additional state income tax at varying rates. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to you. Because a tax would be imposed upon us as a corporation, our cash available for distribution to you would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units.

Section 7704 of the Internal Revenue Code provides that publicly traded partnerships will, as a general rule, be taxed as corporations. However, an exception, referred to as the "Qualifying Income Exception," exists with respect to publicly traded partnerships of which 90% or more of the gross income for every taxable year consists of "qualifying income." Qualifying income includes income and gains derived from the transportation, storage and processing of crude oil, natural gas and products thereof, the retail and wholesale marketing of propane, the transportation of propane and natural gas liquids and certain related hedging activities. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income. We estimate that less than 6% of our current gross income is not qualifying income. However, this estimate could change from time to time. Based upon and subject to this estimate, the factual representations made by us and our general partner and a review of the applicable legal authorities, Latham & Watkins LLP is of the opinion that at least 90% of our current gross income constitutes qualifying income and we are classified as a partnership for U.S. federal income tax purposes. For a more complete discussion of the qualifying income requirement and the importance of our status as a partnership, please read "Material Income Tax Considerations - Partnership Status" in the accompanying prospectus.

Current law may change so as to cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. For example, in response to recent public offerings of interests in the management operations of private equity funds and hedge funds, the U.S. House of Representatives has passed, and the U.S. Senate is considering, legislation that may eliminate partnership tax treatment for certain publicly traded partnerships and recharacterize certain types of income received from partnerships. In addition, because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity-

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level taxation through the implementation of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, our cash available for distribution would be reduced. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

Ratio of Taxable Income to Distributions

We estimate that a purchaser of common units in this offering who owns those common units from the date of closing of this offering through the record date for distributions for the period ending December 31, 2012, will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 20% or less of the cash distributed with respect to that period. Thereafter, we anticipate that the ratio of allocable taxable income to cash distributions to the unitholders will increase. These estimates are based upon the assumption that gross income from our operations will approximate the amount required to make distributions on all our units and other assumptions with respect to our capital expenditures, cash flow, net working capital and anticipated cash distributions. These estimates and assumptions are subject to, among other things, numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control. Further, the estimates are based on current tax law and tax reporting positions that we have adopted with which the IRS could disagree. Accordingly, we cannot assure you that these estimates will prove to be correct. The actual percentage of distributions that will constitute taxable income could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units. For example, the ratio of allocable taxable income to cash distributions to a purchaser of common units in this offering will be greater, and perhaps substantially greater, than our estimate with respect to the period described above if:

gross income from operations exceeds the amount required to maintain the current distribution amount on all units, yet we only distribute the current distribution amount on all units; or

we make a future offering of common units and use the proceeds of the offering in a manner that does not produce substantial additional deductions during the period described above, such as to repay indebtedness outstanding at the time of this offering or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate applicable to our assets at the time of this offering.

Allocation of Income, Gain, Loss and Deduction

In general, if we have a net profit, our items of income, gain, loss and deduction will be allocated among our general partner and the unitholders in accordance with their percentage interests in us. At any time that incentive distributions are made to our general partner, gross income will be allocated to the recipients to the extent of these distributions. If we have a net loss, that loss will be allocated first to our general partner and the unitholders in accordance with their percentage interests in us to the extent of their positive capital accounts and, second, to our general partner.

Specified items of our income, gain, loss and deduction will be allocated to account for (i) any difference between the tax basis and fair market value of our assets at the time of an offering and (ii) any difference between the tax basis and fair market value of any property contributed to us in connection with an issuance of units at the time of such contribution, together, referred to in this discussion as the Contributed Property. The effect of these allocations, referred to as Section 704(c) Allocations, to a unitholder purchasing common units from us in an offering will be essentially the same as if the tax bases of our assets were equal to their fair market values at the time of this offering. In the event we issue additional common units or engage in certain other transactions in the future, reverse Section 704(c) Allocations, similar to the Section 704(c) Allocations described above, will be made to all of our unitholders immediately prior to such issuance or other transactions, including purchasers of common units in this

offering, to account for the difference between the book basis for purposes of maintaining capital accounts and the fair market value of all property held by us at the time of such issuance or future transaction. In addition, items of recapture income will be allocated to the extent possible to the unitholder who was allocated the deduction giving rise to the treatment of that gain

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as recapture income in order to minimize the recognition of ordinary income by some unitholders. Finally, although we do not expect that our operations will result in the creation of negative capital accounts, if negative capital accounts nevertheless result, items of our income and gain will be allocated in an amount and manner sufficient to eliminate the negative balance as quickly as possible.

An allocation of items of our income, gain, loss or deduction, other than an allocation required by the Internal Revenue Code to eliminate the difference between a partner's book capital account, credited with the fair market value of Contributed Property, and tax capital account, credited with the tax basis of Contributed Property, referred to in this discussion as the Book-Tax Disparity, will generally be given effect for federal income tax purposes in determining a partner's share of an item of income, gain, loss or deduction only if the allocation has substantial economic effect. In any other case, a partner's share of an item will be determined on the basis of his interest in us, which will be determined by taking into account all the facts and circumstances, including:

his relative contributions to us;

the interests of all the partners in profits and losses;

the interest of all the partners in cash flow; and

the rights of all the partners to distributions of capital upon liquidation.

Latham & Watkins LLP is of the opinion that, with the exception of the issues described in the accompanying prospectus under the headings Material Income Tax Considerations Section 754 Election and Material Income Tax Considerations Disposition of Common Units Allocations Between Transferors and Transferees, allocations under our partnership agreement will be given effect for federal income tax purposes in determining a partner's share of an item of income, gain, loss or deduction.

Tax Rates

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