ENTERPRISE PRODUCTS PARTNERS L P
Form S-4
September 16, 2010

Table of Contents

As filed with the Securities and Exchange Commission on September 16, 2010
Registration No. 333-

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

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Enterprise Products Partners L.P.
(Exact name of registrant as specified in its charter)

Delaware	**1321**	**76-0568219**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

1100 Louisiana Street, 10th Floor
Houston, Texas 77002
(713) 381-6500
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Stephanie C. Hildebrandt, Esq.
1100 Louisiana Street, 10th Floor
Houston, Texas 77002
(713) 381-6500
(Name, address, including zip code, and telephone number, including area code, of agent for service)
Copies to:

David C. Buck, Esq.	**Donald W. Brodsky, Esq.**	**Douglas E. McWilliams, Esq.**
Andrews Kurth LLP	**Baker & Hostetler LLP**	**Vinson & Elkins L.L.P.**
600 Travis	**1000 Louisiana**	**1001 Fannin**
Suite 4200	**Suite 2000**	**Suite 2500**
Houston, Texas 77002	**Houston, Texas 77002**	**Houston, Texas 77002**
(713) 220-4200	**(713) 751-1600**	**(713) 758-2222**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and upon consummation of the merger described in the enclosed proxy statement/prospectus.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective

registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) o
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common units representing limited partner interests	208,813,477	$7,920,295,183	$564,718

(1) Represents the maximum number of common units representing limited partner interests of the registrant to be issued in connection with the merger.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(1) and Rule 457(c) under the Securities Act of 1933 based on the average of the high and low sales prices of the common units representing limited partner interests of Enterprise Products Partners L.P. on September 10, 2010 on the New York Stock Exchange, which was $37.93.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary proxy statement/prospectus is not complete and may be changed. Enterprise Products Partners L.P. may not distribute or issue the securities being registered pursuant to this registration statement until the registration statement, as filed with the Securities and Exchange Commission (of which this preliminary proxy statement/prospectus is a part), is effective. This preliminary proxy statement/prospectus is not an offer to sell nor should it be considered a solicitation of an offer to buy the securities described herein in any state where the offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED SEPTEMBER 16, 2010

Dear Enterprise GP Holdings L.P. Unitholders:

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

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

The merger agreement and the merger must receive the affirmative vote of the Holdings unitholders holding at least a majority of the outstanding Holdings units. Affiliates of EPCO have agreed to vote approximately 105.7 million Holdings units, representing approximately 76% of the outstanding Holdings units, in favor of the merger agreement and the merger, subject to the terms and conditions of a support agreement, a copy of which is attached to this proxy statement/prospectus as Annex D and is incorporated into this proxy statement/prospectus by reference. Holdings has scheduled a special meeting of its unitholders to vote on the merger agreement and the merger on , 2010 at :00 .m., local time, at the Hyatt Regency Hotel, 1200 Louisiana Street, Houston, Texas 77002. Voting instructions are set forth inside this proxy statement/prospectus.

The members of the Audit, Conflicts and Governance Committee of the board of directors of Holdings GP (the Holdings Board) who participated in the merger evaluation and negotiation process (the Holdings ACG Committee) have unanimously determined that the merger agreement and the merger are fair and reasonable, advisable to and in the best interests of Holdings and the Holdings unaffiliated unitholders. Holdings unaffiliated unitholders means Holdings unitholders other than those, including EPCO and its affiliates, controlling, controlled by or under common control with Holdings GP. Accordingly, the Holdings ACG Committee has recommended that the Holdings Board approve the merger agreement and the merger. Based on the Holdings ACG Committee s determination and recommendation, the Holdings Board has unanimously approved and declared the advisability of the merger agreement and the merger and, together with the Holdings ACG Committee, recommends that the Holdings unaffiliated unitholders vote in favor of the merger proposal.

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

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

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

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

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

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

Table of Contents

Houston, Texas
, 2010

Notice of Special Meeting of Unitholders

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

A special meeting of unitholders of Enterprise GP Holdings L.P. (Holdings) will be held on , 2010 at :00 .m., local time, at the Hyatt Regency Hotel, 1200 Louisiana Street, Houston, Texas 77002, for the following purposes:

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

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

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

The members of the Audit, Conflicts and Governance Committee of the board of directors of Holdings GP (the Holdings Board) who participated in the merger evaluation and negotiation process (the Holdings ACG Committee) have unanimously determined that the merger agreement and the merger are fair and reasonable, advisable to and in the best interests of Holdings and the Holdings unaffiliated unitholders. Holdings unaffiliated unitholders means Holdings unitholders other than those, including EPCO and its affiliates, controlling, controlled by or under common control with Holdings GP. Accordingly, the Holdings ACG Committee has recommended that the Holdings Board approve the merger agreement and the merger. Based on the Holdings ACG Committee s determination and recommendation, the Holdings Board has unanimously approved and declared the advisability of the merger agreement and the merger and, together with the Holdings ACG Committee, recommends that the Holdings unaffiliated unitholders vote in favor of the merger proposal.

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

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

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

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

Table of Contents

PROXY STATEMENT/PROSPECTUS

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

IMPORTANT NOTE ABOUT THIS PROXY STATEMENT/PROSPECTUS

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

As permitted under the rules of the SEC, this proxy statement/prospectus incorporates by reference important business and financial information about the Partnership and Holdings from other documents filed with the SEC that are not included in or delivered with this proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 156. You can obtain any of the documents incorporated by reference into this document from the Partnership or Holdings, as the case may be, or from the SEC s website at *http://www.sec.gov*. This information is also available to you without charge upon your request in writing or by telephone from the Partnership or Holdings at the following addresses and telephone numbers:

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

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

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

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

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

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

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

Table of Contents

DEFINITIONS

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

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

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

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

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

Holdings means Enterprise GP Holdings L.P.;

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

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

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

Partnership means Enterprise Products Partners L.P.;

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

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

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

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

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Important Information and Risks. *The following are brief answers to some questions that you may have regarding the proposed merger and the proposals being considered at the special meeting of Holdings unitholders. You should read and consider carefully the remainder of this proxy statement/prospectus, including the Risk Factors beginning on page 26 and the attached Annexes, because the information in this section does not provide all of the information that might be important to you. Additional important information and descriptions of risk factors are also contained in the documents incorporated by reference in this proxy statement/prospectus. Please read Where You Can Find More Information beginning on page 156.*

Q: Why am I receiving these materials?

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

Q: Who is soliciting my proxy?

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

Q: What are the proposed transactions?

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

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

Table of Contents

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

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

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

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

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

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

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

Q: What will Holdings unitholders receive in the merger?

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

Q: Where will my units trade after the merger?

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

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

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

Q: What happens to my future distributions?

A: Once the merger is completed and Holdings units are exchanged for Partnership common units, when distributions are approved and declared by the general partner of the Partnership and paid by the Partnership, former Holdings unitholders will receive distributions on the Partnership common units they receive in the merger in accordance with the Partnership s partnership agreement. If the merger is consummated before the record date for the quarterly distribution in respect of the most recently completed quarter as of the effective time of the merger, Holdings unitholders will not receive a distribution from Holdings in respect of such quarter; instead, a Holdings unitholder will receive a distribution in respect of such quarter on the Partnership common units they receive in the merger. If the merger closes after the record date in respect of the most recently completed quarter as of the effective time of the merger, Holdings unitholders will receive a distribution in respect of such quarter on Holdings

Table of Contents

units held as of the record date. However, Holdings unitholders will not receive distributions from both Holdings and the Partnership for the same quarter. For additional information, please read Market Prices and Distribution Information.

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

The current annualized distribution rate per Holdings unit is $2.24 (based on the quarterly distribution rate of $0.56 per Holdings unit declared with respect to the second quarter of 2010). Based on the exchange ratio, the annualized distribution rate for each Holdings unit exchanged for 1.50 Partnership common units would be approximately $3.45 (based on the quarterly distribution rate of $0.575 per Partnership common unit declared with respect to the second quarter of 2010). Accordingly, based on current distribution rates and the 1.50 exchange ratio, a Holdings unitholder would initially receive approximately 54% more in quarterly cash distributions on an annualized basis after giving effect to the merger. For additional information, please read Comparative Per Unit Information and Market Prices and Distribution Information.

Management of the Partnership GP currently intends to recommend that the Partnership Board increase the Partnership s quarterly cash distribution to $0.5825 per Partnership common unit, or $2.33 per unit on an annualized basis, with respect to the third quarter 2010 distribution that would be paid in November 2010 and to $0.590 per Partnership common unit, or $2.36 per unit on an annualized basis, with respect to the fourth quarter 2010 distribution that would be paid in February 2011.

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

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

Q: What constitutes a quorum?

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

- are present and vote in person at the meeting; or
- have submitted a properly executed proxy card or properly submitted your proxy card by telephone or Internet.

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

same effect as a vote against the merger.

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

Table of Contents

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

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

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

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

A: A number of conditions must be satisfied before the Partnership and Holdings can complete the merger, including approval of the merger agreement and the merger by the unitholders of Holdings and the effectiveness of the registration statement on Form S-4, of which this proxy statement/prospectus is a part. Although the Partnership and Holdings cannot be sure when all of the conditions to the merger will be satisfied, the Partnership and Holdings expect to complete the merger as soon as practicable following the Holdings unitholder meeting (assuming the merger proposal is approved by the unitholders). For additional information, please read The Merger Agreement Conditions to the Merger.

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

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

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

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

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

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

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

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

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

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

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

The Partnership will be deemed for U.S. federal income tax purposes to have assumed the liabilities of Holdings and its subsidiaries in the merger. A Holdings unitholder would recognize gain or loss to the extent any portion of the liabilities of Holdings or its subsidiaries assumed by the Partnership was deemed to be the proceeds of a disguised sale of assets to the Partnership. The Partnership and Holdings believe that all of the liabilities of Holdings will qualify for one or more exceptions to the disguised sale rules and that no gain or loss will be recognized by Holdings or its unitholders under the disguised sale rules.

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

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

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

Q: Are Holdings unitholders entitled to appraisal rights?

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

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

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

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

A: No. Your broker cannot vote your Holdings units held in street name for or against the merger proposal unless you tell the broker or other nominee how you wish to vote. To tell your broker or other nominee how to vote, you should follow the directions that your broker or other nominee provides to you. Please note that you may not vote

your Holdings units held in street name by returning a proxy card directly to Holdings or by voting in person at the special meeting of Holdings unitholders unless you provide a legal proxy, which you must obtain from your broker or other nominee. If you do not instruct your broker or other nominee on how to vote your Holdings units, your broker or other nominee may not vote your Holdings units, which will have the same effect as a vote against the merger for purposes of the vote

Table of Contents

required under the Holdings partnership agreement. You should therefore provide your broker or other nominee with instructions as to how to vote your Holdings units.

Q: What if I do not vote?

A: If you do not return your proxy card or if you abstain from voting, or a broker non-vote is made, it will have the same effect as a vote against the merger proposal for purposes of the vote required under the Holdings partnership agreement. If you sign and return your proxy card but do not indicate how you want to vote, your proxy will be counted as a vote in favor of the merger proposal.

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

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

Q: When and where is the special meeting?

A: The special meeting will be held on , 2010, at :00 .m., local time, at the Hyatt Regency Houston Hotel, 1200 Louisiana Street, Houston, Texas 77002.

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

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

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

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

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

appearing and voting in person at the special meeting; or

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

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

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

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

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

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

Table of Contents

SUMMARY

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

The Merger Parties Businesses (page 98)

Enterprise Products Partners L.P.

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

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

Enterprise GP Holdings L.P.

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

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

- the indirect ownership of all of the outstanding IDRs in the Partnership, through its ownership of all of the outstanding limited liability company interests in Partnership GP;
- the indirect ownership of the general partner interest in the Partnership (representing a 2.0% economic interest in the Partnership), through its ownership of all of the outstanding limited liability company interests in Partnership GP; and
- 21,563,177 Partnership common units, representing an approximate 3.4% limited partner interest in the Partnership.

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

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

Table of Contents

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

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

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

(1) Includes 38,976,090 common units of Energy Transfer Equity and a member interest in LE GP.

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

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

Relationship of the Partnership and Holdings (page 101)

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

amount of incremental cash distributed by the Partnership above certain target distribution levels in excess of the minimum quarterly distribution of $0.225 per Partnership common unit in any quarter (on account of the IDRs). As a result, Holdings is currently entitled to receive distributions attributable to the general partner interest and IDRs of approximately 25% of the aggregate amount of distributions to the Partnership s partners in excess of $0.3085 per common unit. In addition, as the owner of 21,563,177 Partnership common units, Holdings is entitled to receive approximately 3.4% of the total limited partner distributions paid by the Partnership. Since Holdings initial public offering in August 2005, distributions by the Partnership have increased from $0.430 per Partnership common unit for the quarter ended September 30, 2005 to $0.575 per Partnership common unit for the quarter ended June 30, 2010; and as a result, distributions from the Partnership to Holdings (including through the Partnership GP) have increased.

Table of Contents

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

Structure of the Merger (page 64)

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

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

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

Transactions Related to the Merger (page 62)

Support Agreement

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

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

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

Table of Contents

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

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

Fourth Amendment to the Holdings Partnership Agreement

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

GP Merger

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

Sixth Amended and Restated Agreement of Limited Partnership of the Partnership

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

Distribution Waiver Agreement

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

Period	Number of Partnership Common Units on Which Distributions Are Waived

First four-quarter period following closing	30,610,000
Second four-quarter period following closing	26,130,000
Third four-quarter period following closing	23,700,000
Fourth four-quarter period following closing	22,560,000
Fifth four-quarter period following closing	17,690,000

Table of Contents

Based on the quarterly distribution rate for Partnership common units of $0.575 paid with respect to the second quarter of 2010, the distributions waived would aggregate approximately $275 million during these distribution periods.

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

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

Directors and Officers of the Partnership GP and Holdings GP (page 111)

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

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

Michael A. Creel

W. Randall Fowler*

Richard H. Bachmann*

A. James Teague

William Ordemann*

Lynn L. Bourdon, III

Bryan F. Bulawa*

James M. Collingsworth

Mark Hurley

Michael J. Knesek*

Christopher Skoog

Thomas M. Zulim

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

The Partnership s common units are traded on the NYSE under the ticker symbol EPD. Holdings units are traded on the NYSE under the ticker symbol EPE. The following table shows the closing prices of Partnership common units and Holdings units on September 3, 2010 (the last full trading day before the

Table of Contents

Partnership and Holdings announced the proposed merger) and the average closing price of Partnership common units and Holdings units during the 20-day trading period prior to and including September 3, 2010.

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

The Special Unitholder Meeting (page 34)

Where and when: The Holdings special unitholder meeting will take place at the Hyatt Regency Houston Hotel, 1200 Louisiana Street, Houston, Texas 77002 on , 2010 at :00 .m., local time.

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

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

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

Recommendation to Holdings Unitholders (page 45)

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

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

Holdings Reasons for the Merger (page 45)

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

As of September 3, 2010, the DDLLC voting trustees and the EPCO voting trustees, in their capacities as such trustees, as executors and individually, collectively owned or controlled approximately 29% of the Partnership s outstanding common units, approximately 77% of the limited partner interests in Holdings and 100% of the limited liability company interests in Holdings GP. The Holdings supporting unitholders, who have agreed to vote in favor of the merger and the merger agreement, directly own approximately 76% of Holdings outstanding units. The directors, executive officers and other affiliates of Holdings collectively owned or controlled an additional 0.4% of Holdings outstanding units.

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

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

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

exchange ratio.

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

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

Table of Contents

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

Three of the directors of Holdings GP, Ms. Williams, Mr. Bachmann and Dr. Cunningham (who is also CEO of Holdings GP), also serve as both the DDLLC voting trustees and the EPCO voting trustees. These three individuals also serve as independent executors of the estate of Dan L. Duncan. Through these positions, these persons effectively own or control approximately 76% of the outstanding Holdings units and approximately 27% of the outstanding Partnership common units and Class B units, collectively, which securities represented an aggregate fair market value of approximately $5.3 billion and $7.0 billion, respectively, based on the closing prices of the Holdings units and Partnership common units on September 3, 2010, the last trading day before announcement of the merger. In their capacities as trustees of those voting trusts or as a majority of the directors of certain affiliated entities, Ms. Williams, Mr. Bachmann and Dr. Cunningham have authorized or caused the Holdings supporting unitholders to enter into the support agreement, pursuant to which the Holdings supporting unitholders have agreed to vote approximately 76% of the outstanding Holdings units in favor of the merger agreement and the merger.

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

The Merger Agreement (page 64)

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

What Needs to be Done to Complete the Merger

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

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

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

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

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

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

Table of Contents

the consummation of the GP merger;

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

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

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

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

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

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

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

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

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

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

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

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

No Solicitation

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

Acquisition Proposals; Change in Recommendation for more information about what constitutes an acquisition proposal and a superior proposal.

Change in Recommendation

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

Table of Contents

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

Termination of the Merger Agreement

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

- the merger is not completed on or before December 31, 2010;
- any legal prohibition to completing the merger has become final and non-appealable, provided that the terminating party is not in breach of its covenant to use commercially reasonable best efforts to complete the merger promptly; or
- any condition to the closing of the merger cannot be satisfied.

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

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

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

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

terminating party the opinion of nationally recognized tax counsel, reasonably acceptable to the terminating party, to the effect that such holder of Holdings units or Partnership common units, as the case may be, should not be liable for such increased tax as a result of owning or disposing of Partnership common units.

Table of Contents

Material U.S. Federal Income Tax Consequences of the Merger (page 133)

Tax matters associated with the merger are complicated. The U.S. federal income tax consequences of the merger to a Holdings unitholder will depend on such unitholder s own situation. The tax discussions in this proxy statement/prospectus focus on the U.S. federal income tax consequences generally applicable to individuals who are residents or citizens of the United States that hold their Holdings units as capital assets, and these discussions have only limited application to other unitholders, including those subject to special tax treatment. Holdings unitholders are urged to consult their tax advisors for a full understanding of the U.S. federal, state, local and foreign tax consequences of the merger that will be applicable to them.

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

The U.S. federal income tax consequences described above may not apply to some holders of Partnership common units and Holdings units. Please read Material U.S. Federal Income Tax Consequences of the Merger beginning on page 133 for a more complete discussion of the U.S. federal income tax consequences of the merger.

Other Information Related to the Merger

No Appraisal Rights (page 61)

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

Antitrust and Regulatory Matters (page 61)

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

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

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

Accounting Treatment (page 61)

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

Table of Contents

Comparison of the Rights of Partnership and Holdings Unitholders (page 117)

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

Pending Litigation (page 61)

After the Partnership and Holdings announced on September 7, 2010 their entry into the merger agreement, a purported unitholder class action lawsuit, captioned *Sanjay Israny v. EPE Holdings LLC et al.*, was filed in the Court of Chancery of the State of Delaware against Holdings GP, Holdings, EPCO, the Partnership, and Holdings directors O.S. Andras, Ralph S. Cunningham, Richard H. Bachmann, Randa Duncan Williams, Thurmon M. Andress, Charles E. McMahen, Edwin E. Smith and B.W. Waycaster.

The lawsuit alleges a variety of causes of action challenging the proposed merger, including that the named directors, EPCO and the Partnership have breached fiduciary duties in connection with the proposed merger and that Holdings aided and abetted in these alleged breaches of fiduciary duties. The lawsuit alleges, among other things, that the consideration offered for Holdings units is unfair and inadequate. With respect to this allegation, the lawsuit alleges that the intrinsic value of Holdings is materially in excess of the amount offered in the merger.

The Partnership and Holdings cannot predict the outcome of this or any other lawsuit that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can the Partnership and Holdings predict the amount of time and expense that will be required to resolve the lawsuit. The Partnership and Holdings intend to vigorously defend against the action.

Summary of Risk Factors (page 26)

You should consider carefully all the risk factors together with all of the other information included in this proxy statement/prospectus before deciding how to vote. The risks related to the merger and the related transactions, the Partnership s business, the Partnership common units and risks resulting from the Partnership s organizational structure are described under the caption Risk Factors beginning on page 26 of this proxy statement/prospectus. Some of these risks include, but are not limited to, those described below:

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

Table of Contents

Organizational Chart

Before the Merger

The following diagram depicts the organizational structure of the Partnership and Holdings as of September 3, 2010 before the consummation of the merger and the other transactions contemplated by the merger agreement.

(1) Includes Holdings units beneficially owned by the estate of Dan L. Duncan, Randa Duncan Williams, and certain trusts and privately held affiliates.

(2) EPCO and its private affiliates beneficially own an approximate 26.9% limited partner interest in the Partnership.

Table of Contents

After the Merger

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

Beneficial Owners of Limited Partner Units (as of September 3, 2010)	Partnership	Holdings	Partnership Pro Forma
EPCO and privately held affiliates(1)	27.4%	76.6%	40.5%
Holdings	3.4%	%	
Public unitholders	69.2%	23.4%	59.5%
Total	100.0%	100.0%	100.0%

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

Table of Contents

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

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

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

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

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

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

Table of Contents

Summary Historical and Pro Forma Financial and Operating Information of the Partnership

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

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

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

Table of Contents

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

/d = per day
BBtus = billion British thermal units
MBPD = thousand barrels per day
MMcf = million cubic feet

Table of Contents

Summary Historical Financial Information of Holdings

	Holdings Consolidated Historical				
	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2007	2008	2009	2009	2010
				(Unaudited)	
	(In millions, except per unit amounts)				
Income statement data:					
Revenues	$ 26,713.8	$ 35,469.6	$ 25,510.9	$ 10,321.2	$ 16,087.9
Costs and expenses	25,534.0	33,763.7	23,748.6	9,488.8	15,026.9
Equity in income of unconsolidated affiliates	13.6	66.2	92.3	43.6	37.6
Operating income	1,193.4	1,772.1	1,854.6	876.0	1,098.6
Other income (expense):					
Interest expense	(487.4)	(608.3)	(687.3)	(337.3)	(337.1)
Other, net	71.8	12.3	(1.7)	2.1	0.5
Total other expense, net	(415.6)	(596.0)	(689.0)	(335.2)	(336.6)
Income before provision for income taxes	777.8	1,176.1	1,165.6	540.8	762.0
Provision for income taxes	(15.8)	(31.0)	(25.3)	(19.1)	(15.2)
Net income	762.0	1,145.1	1,140.3	521.7	746.8
Net income attributable to noncontrolling interests	(653.0)	(981.1)	(936.2)	(419.7)	(622.8)
Net income attributable to Holdings	$ 109.0	$ 164.0	$ 204.1	$ 102.0	$ 124.0
Earnings per unit:					
Basic earnings per unit	$ 0.97	$ 1.33	$ 1.48	$ 0.75	$ 0.89
Diluted earnings per unit	$ 0.97	$ 1.33	$ 1.48	$ 0.75	$ 0.89
Distributions to limited partners:					
Per unit (declared with respect to period)	$ 1.550	$ 1.790	$ 2.030	$ 0.985	$ 1.105
Balance sheet data (at period end):					
Total assets	$ 24,084.4	$ 25,780.4	$ 27,686.3	$ 27,109.2	$ 29,786.8
Total long-term debt, including current maturities	9,861.2	12,714.9	12,427.9	13,208.0	13,766.3
Equity	9,530.0	9,759.4	10,473.1	9,984.3	11,300.9
Other financial data:					
	$ 1,936.8	$ 1,566.4	$ 2,410.3	$ 650.6	$ 920.4

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

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

Table of Contents

Non-GAAP Financial Measures

This section provides reconciliations of the Partnership s and Holdings non-GAAP financial measures included in this proxy statement/prospectus to their most directly comparable financial measures calculated and presented in accordance with GAAP. The Partnership and Holdings both present the non-GAAP financial measure of gross operating margin. The Partnership also utilizes the non-GAAP financial measure of Adjusted EBITDA. These non-GAAP financial measures should not be considered as an alternative to GAAP measures such as net income, operating income, net cash flows provided by operating activities or any other measure of liquidity or financial performance calculated and presented in accordance with GAAP. These non-GAAP financial measures may not be comparable to similarly-titled measures of other companies because they may not calculate such measures in the same manner as the Partnership or Holdings does.

Gross Operating Margin

The Partnership and Holdings evaluate segment performance based on the non-GAAP financial measure of gross operating margin. Gross operating margin (either in total or by individual segment) is an important performance measure of the core profitability of both the Partnership s and Holdings operations. This measure forms the basis of the Partnership s and Holdings internal financial reporting and is used by management in deciding how to allocate capital resources among business segments. The Partnership and Holdings believe that investors benefit from having access to the same financial measures that management uses in evaluating segment results. The GAAP measure most directly comparable to total segment gross operating margin is operating income. The non-GAAP financial measure of total segment gross operating margin should not be considered an alternative to GAAP operating income.

The Partnership and Holdings define total segment gross operating margin as operating income before: (i) depreciation, amortization and accretion expense; (ii) asset impairment charges; (iii) operating lease expenses for which the Partnership and Holdings do not have the payment obligation; (iv) gains and losses from asset sales and related transactions; and (v) general and administrative costs. Gross operating margin by segment is calculated by subtracting segment operating costs and expenses (net of the adjustments noted above) from segment revenues, with both segment totals before the elimination of intercompany transactions. In accordance with GAAP, intercompany accounts and transactions are eliminated in consolidation. Gross operating margin is presented on a 100% basis before the allocation of earnings to noncontrolling interests.

The following table presents a reconciliation of the Partnership s non-GAAP financial measure of total gross operating margin to the GAAP financial measure of operating income, on a historical and pro forma basis, as applicable for each of the periods indicated:

	Partnership Consolidated Historical					Partnership Pro Forma	
	For the Year Ended December 31,			For the Six Months Ended June 30,		For the Year Ended December 31,	For the Six Months Ended June 30,
	2007	2008	2009	2009	2010	2009	2010
	(In millions)						

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

Table of Contents

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

	Holdings Consolidated Historical				
	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2007	2008	2009	2009	2010
			(In millions)		
				(Unaudited)	
Total segment gross operating margin	$ 1,967.5	$ 2,640.3	$ 2,880.9	$ 1,362.8	$ 1,615.0
Adjustments to reconcile total segment gross operating margin to operating income:					
Depreciation, amortization and accretion in operating costs and expenses	(647.9)	(725.4)	(809.3)	(396.9)	(439.4)
Non-cash asset impairment charges in operating costs and expenses			(33.5)	(2.3)	(1.5)
Operating lease expenses paid by EPCO	(2.1)	(2.0)	(0.7)	(0.3)	(0.3)
Gains from asset sales and related transactions in operating costs and expenses	7.8	4.0		0.4	5.6
General and administrative costs	(131.9)	(144.8)	(182.8)	(87.7)	(80.8)
Operating income	1,193.4	1,772.1	1,854.6	876.0	1,098.6
Other expense, net	(415.6)	(596.0)	(689.0)	(335.2)	(336.6)
Income before provision of income taxes	$ 777.8	$ 1,176.1	$ 1,165.6	$ 540.8	$ 762.0

Adjusted EBITDA of the Partnership

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

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

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

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

Table of Contents

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

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

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

Table of Contents

COMPARATIVE PER UNIT INFORMATION

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

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

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

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

(1) The Partnership s pro forma information includes the effect of the merger on the basis described in the notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements included elsewhere in this proxy statement/prospectus.

(2) Holding s equivalent pro forma earnings, book value and cash distribution amounts have been calculated by multiplying the Partnership s related Partnership pro forma per unit amounts by the 1.50 exchange ratio.

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

Table of Contents

MARKET PRICES AND DISTRIBUTION INFORMATION

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

	Partnership Common Units			Holdings Units		
	High	Low	Distributions(1)	High	Low	Distributions(1)
2008						
First Quarter	$ 32.63	$ 26.75	$ 0.5075	$ 36.86	$ 27.86	$ 0.425
Second Quarter	$ 32.64	$ 29.04	$ 0.5150	$ 33.76	$ 29.51	$ 0.440
Third Quarter	$ 30.07	$ 22.58	$ 0.5225	$ 30.64	$ 21.16	$ 0.455
Fourth Quarter	$ 26.30	$ 16.00	$ 0.5300	$ 24.20	$ 14.50	$ 0.470
2009						
First Quarter	$ 24.20	$ 17.71	$ 0.5375	$ 23.94	$ 17.67	$ 0.485
Second Quarter	$ 26.55	$ 21.10	$ 0.5450	$ 29.60	$ 22.04	$ 0.500
Third Quarter	$ 29.45	$ 24.50	$ 0.5525	$ 31.27	$ 24.21	$ 0.515
Fourth Quarter	$ 32.24	$ 27.25	$ 0.5600	$ 39.51	$ 29.16	$ 0.530
2010						
First Quarter	$ 34.69	$ 29.44	$ 0.5675	$ 45.19	$ 36.20	$ 0.545
Second Quarter	$ 36.73	$ 29.05	$ 0.5750	$ 49.62	$ 38.70	$ 0.560
Third Quarter (through September 15, 2010)	$ 39.29	$ 34.21	(2)	$ 56.62	$ 45.90	(2)

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

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

The last reported sale price of Holdings units on the NYSE on September 3, 2010, the last trading day before the public announcement of the proposed merger, was $49.90. The last reported sale price of Partnership common units on the NYSE on September 3, 2010, the last trading day before the public announcement of the proposed merger, was $38.45. The last reported sale price of Holdings units on the NYSE on September 15, 2010, the last trading day before the filing of the registration statement of which this proxy statement/prospectus is a part, was $55.84. The last reported sale price of Partnership common units on the NYSE on September 15, 2010, the last trading day before the filing of the registration statement of which this proxy statement/prospectus is a part, was $38.17.

As of September 3, 2010, the Partnership had 638,733,319 outstanding common units and 4,520,431 Class B units held by approximately 1,874 holders of record. The Partnership s partnership agreement requires it to distribute all of its available cash, as defined in its partnership agreement, within 45 days after the end of each quarter. The payment of quarterly cash distributions by the Partnership in the future, therefore, will depend on the amount of available cash at

the end of each quarter.

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

Table of Contents

RISK FACTORS

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

Risks Related to the Merger

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

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

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

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

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

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

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

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

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

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

Three of the directors of Holdings GP, Ms. Williams, Mr. Bachmann and Dr. Cunningham (who is also CEO of Holdings GP), also serve as both the DDLLC voting trustees and the EPCO voting trustees. These three individuals also serve as independent executors of the estate of Dan L. Duncan. Through these positions, these persons effectively own or control approximately 76% of the outstanding Holdings units and approximately 27% of the outstanding Partnership common units and Class B units,

Table of Contents

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

As of September 3, 2010, there were 638,733,319 Partnership common units and 4,520,431 Class B units of the Partnership outstanding. The Partnership will issue 208,813,477 Partnership common units in the merger. Even after taking into account both the waiver by DFIDH of regular quarterly distributions with respect to certain Partnership common units for a five-year period after the merger closing date pursuant to the distribution waiver agreement, and distributions no longer being payable to the Partnership s general partner with respect to its general partner interest and IDRs, incremental funds will be required to pay the current per unit quarterly distributions on all outstanding Partnership common units, which will increase the potential that the Partnership would have diminishing excess distributable cash flow. In that event, it will be more difficult for the Partnership to maintain its current positive distribution coverage ratio or increase future levels of quarterly distributions to all Partnership unitholders.

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

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

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

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

Table of Contents

Tax Risks Related to the Merger

In addition to reading the following risk factors, you are urged to read Material U.S. Federal Income Tax Consequences of the Merger beginning on page 133 and U.S. Federal Income Taxation of Ownership of Partnership Common Units beginning on page 138 for a more complete discussion of the expected material U.S. federal income tax consequences of the merger and owning and disposing of Partnership common units received in the merger.

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

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

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

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

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

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

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

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

unitholder exceeds the unitholder s basis in his Partnership common units, such unitholder will recognize gain in an amount equal to such excess. The Partnership and Holdings do not expect any Holdings unitholders to recognize gain in this manner.

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

Table of Contents

The Partnership will be deemed for U.S. federal income tax purposes to have assumed the liabilities of Holdings and its subsidiaries in the merger. A Holdings unitholder would recognize gain or loss to the extent any portion of the liabilities of Holdings assumed by the Partnership was deemed to be the proceeds of a disguised sale of assets to the Partnership. See Material U.S. Federal Income Tax Consequences of the Merger for a more complete discussion of these and other tax matters.

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

Risks Related to the Partnership s Business After the Merger

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

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

- the volume of products that the Partnership handles and the prices it receives for its products and services;
- the level of the Partnership s operating costs;
- the level of competition from third parties;
- prevailing economic conditions, including the price of and demand for NGLs, crude oil, natural gas and other products the Partnership will process, transport, store and market;
- the level of capital expenditures the Partnership will make and the availability of, and timing of completion of, organic growth projects;
- the restrictions contained in the Partnership s debt agreements and debt service requirements;
- fluctuations in the Partnership s working capital needs;
- the weather in the Partnership s operating areas;
- the availability and cost of acquisitions, if any;
- regulatory changes; and
- the amount, if any, of cash reserves established by the Partnership GP (or Holdings GP after giving effect to the merger) in its discretion.

In addition, the Partnership s ability to pay the minimum quarterly distribution each quarter will depend primarily on its cash flow, including cash flow from financial reserves and working capital borrowings, and not solely on

profitability, which is affected by non-cash items. As a result, the Partnership may make cash distributions during periods when it records losses, and the Partnership may not make distributions during periods when it records net income.

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

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

Table of Contents

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

- the Partnership s ability to obtain additional financing, if necessary, to refinance existing debt for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;
- credit rating agencies may view the Partnership s debt level negatively;
- covenants contained in the Partnership s credit and certain other debt agreements will require the Partnership to continue to meet financial tests that may adversely affect its flexibility in planning for and reacting to changes in its business, including possible acquisition opportunities;
- the Partnership may be at a competitive disadvantage relative to similar companies that have less debt; and
- the Partnership may be more vulnerable to adverse economic and industry conditions as a result of the Partnership s significant debt level.

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

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

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

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

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

Table of Contents

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

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

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

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

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

- neither the Partnership s partnership agreement nor any other agreement requires the general partner of the Partnership or EPCO to pursue a business strategy that favors the Partnership;
- decisions of the general partner of the Partnership regarding the amount and timing of asset purchases and sales, cash expenditures, borrowings, issuances of additional units and reserves in any quarter may affect the level of cash available to pay quarterly distributions to unitholders and the general partner of the Partnership;
- under the Partnership s partnership agreement, the general partner of the Partnership determines which costs incurred by it and its affiliates are reimbursable by the Partnership;
- the general partner of the Partnership is allowed to resolve any conflicts of interest involving the Partnership and the general partner of the Partnership and its affiliates;
- the general partner of the Partnership is allowed to take into account the interests of parties other than the Partnership, such as EPCO, in resolving conflicts of interest, which has the effect of limiting its fiduciary duty to the Partnership s unitholders;
- any resolution of a conflict of interest by the general partner of the Partnership not made in bad faith and that is fair and reasonable to the Partnership shall be binding on the partners and shall not be a breach of the Partnership s partnership agreement;
- affiliates of the general partner of the Partnership may compete with the Partnership in certain circumstances;
- the general partner of the Partnership has limited its liability and reduced its fiduciary duties and has also restricted the remedies available to the Partnership s unitholders for actions that might, without the limitations, constitute breaches of fiduciary duty. As a result of acquiring Partnership common units, you are deemed to consent to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable law;

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

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

Table of Contents

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

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

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

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

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

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

Table of Contents

THE SPECIAL UNITHOLDER MEETING

Time, Place and Date. The special meeting of Holdings unitholders will be held on , 2010 at :00 .m., local time at the Hyatt Regency Hotel, 1200 Louisiana Street, Houston, Texas 77002. The meeting may be adjourned or postponed by Holdings GP to another date or place for proper purposes, including for the purpose of soliciting additional proxies.

Purposes. The purposes of the special meeting are:

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

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

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

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

Record Date. The Holdings unitholder record date for the special meeting is the close of business on , 2010.

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

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

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

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

Voting Procedures

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

call the toll-free phone number listed on your proxy card and follow the recorded instructions;

go to the Internet website listed on your proxy card and follow the instructions provided;

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

attend the meeting and vote in person.

Table of Contents

If you have timely and properly submitted your proxy, clearly indicated your vote and have not revoked your proxy, your units will be voted as indicated. If you have timely and properly submitted your proxy but have not clearly indicated your vote, your units will be voted FOR approval of the merger agreement and the merger.

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

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

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

appearing and voting in person at the special meeting; or

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

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

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

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

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

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

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

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

Table of Contents

THE MERGER

Background of the Merger

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

The Partnership GP currently holds IDRs that entitle the Partnership GP to increasing percentages of cash distributed by the Partnership above certain distribution levels per Partnership common unit, as well as distributions on additional common units issued by the Partnership. Based on Partnership distributions made on August 5, 2010 with respect to the second quarter of 2010, the Partnership GP received approximately 15.3% of all cash distributed, and the Partnership GP would be entitled to 25% of any incremental increase in Partnership distributions in the future. In addition, at the current Partnership common unit quarterly distribution level of $0.575 per Partnership common unit, the Partnership GP would receive an additional $0.10379 per quarter for each additional common unit issued by the Partnership.

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

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

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

Table of Contents

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

- approximately 16% above the closing price of Holdings units of $49.90 on September 3, 2010; and
- approximately 40% above the average closing price of Holdings units of $41.32 during the one-year period ended on September 3, 2010.

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

The Partnership s Reasons for the Merger

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

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

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

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

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

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

Unaudited Financial Projections of the Partnership and Holdings

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

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

Table of Contents

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

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

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

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

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

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

- growth capital investments and the amounts and timing of related costs and potential economic returns;
- outstanding debt during applicable periods, and the availability and cost of capital;
- the cash flow from existing assets and business activities, including distribution growth by Energy Transfer Equity, an entity not controlled by either Holdings or the Partnership;
- the prices of, production level of, and demand for crude oil, natural gas, NGLs and other hydrocarbon products; and
- other general business, market and financial assumptions.

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

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

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

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

Table of Contents

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

The Partnership

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

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

Holdings

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

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

(1) Adjusted EBITDA of the Partnership represents net income or loss attributable to the Partnership less equity earnings from unconsolidated affiliates, plus distributions received from unconsolidated affiliates, interest expense, provision for income taxes and depreciation, amortization and accretion expense.

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

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

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

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

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

Table of Contents

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

Opinion of the Holdings ACG Committee s Financial Advisor

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

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

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

- reviewed certain publicly available financial statements and other business and financial information of Holdings and the Partnership, respectively;
- reviewed certain internal financial statements and other financial and operating data concerning Holdings and the Partnership, respectively;
- reviewed certain financial projections prepared by the management of the Partnership GP with respect to the future performance of the Partnership and with respect to the future performance of Holdings;
- reviewed certain financial projections, provided by or on behalf of the management of Holdings GP, with respect to the future performance of Holdings;
- reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the management of the Partnership GP;

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

Equity Research Analyst Price Targets Analysis

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

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

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

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

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

Historical Unit Price and Exchange Ratio Analyses

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

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

Table of Contents

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

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

Time Period	Implied Exchange Ratio Range
Last Twelve Months	1.038x - 1.350x
Last Six Months	1.276x - 1.350x

Comparable Company Analysis

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

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

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

Alliance Holdings GP, L.P.

Atlas Pipeline Holdings, L.P.

Buckeye GP Holdings L.P.

Crosstex Energy, Inc.

Energy Transfer Equity, L.P.

Inergy Holdings, L.P.

NuStar GP Holdings, LLC

The financial data for comparable companies were obtained from FactSet.

The financial data reviewed for Holdings included:

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

Table of Contents

the current distributed cash flow yield.

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

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

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

Duncan Energy Partners L.P.

Enbridge Energy Partners, L.P.

Energy Transfer Partners, L.P.

Kinder Morgan Energy Partners, L.P.

ONEOK Partners, L.P.

Regency Energy Partners LP

Williams Partners L.P.

The financial data for comparable companies were obtained from FactSet.

The financial data reviewed for the Partnership included:

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

the current distributed cash flow yield.

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

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

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

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

Table of Contents

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

Discounted Equity Value Analysis

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

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

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

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

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

2015 Holdings GP and the Partnership GP Management Estimates	1.306x - 1.465x
2014 Mean of Equity Research Analyst Estimates	1.291x - 1.433x

Table of Contents

Discounted Cash Flow Analysis

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

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

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

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

Precedent General Partner Buyouts Analysis

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

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

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

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

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

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

Table of Contents

The calculated multiples included:

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

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

The selected transactions analysis indicated the following:

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

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

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

					Implied Premium for

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

Table of Contents

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

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

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

Pro Forma Accretion/Dilution Analysis

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

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

General

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

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

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

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

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

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

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

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

Table of Contents

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

No Appraisal Rights

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

Antitrust and Regulatory Matters

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

Listing of Common Units to be Issued in the Merger

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

Accounting Treatment

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

Pending Litigation

Litigation Related to the Merger

After the Partnership and Holdings announced on September 7, 2010 their entry into the merger agreement, a purported unitholder class action lawsuit, captioned *Sanjay Israny v. EPE Holdings LLC et al.*, was filed in the Court of Chancery of the State of Delaware against Holdings GP, Holdings, EPCO, the Partnership, and Holdings directors O.S. Andras, Ralph S. Cunningham, Richard H. Bachmann, Randa Duncan Williams, Thurmon M. Andress, Charles E. McMahen, Edwin E. Smith and B.W. Waycaster.

The lawsuit alleges a variety of causes of action challenging the proposed merger, including that the named directors, EPCO and the Partnership have breached fiduciary duties in connection with the proposed merger and that Holdings

aided and abetted in these alleged breaches of fiduciary duties. The lawsuit alleges, among other things, that the consideration offered for Holdings units is unfair and inadequate. With respect to this allegation, the lawsuit alleges that the intrinsic value of Holdings is materially in excess of the amount offered in the merger.

The Partnership and Holdings cannot predict the outcome of this or any other lawsuit that might be filed subsequent to the date of the filing of this proxy statement/prospectus, nor can the Partnership and Holdings

Table of Contents

predict the amount of time and expense that will be required to resolve the lawsuits. The Partnership and Holdings intend to vigorously defend against this and any other action.

Other Litigation

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

Transactions Related to the Merger

Support Agreement

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

The support agreement will terminate automatically on December 31, 2010 or upon any earlier termination of the merger agreement. In addition, the Holdings supporting unitholders may terminate their obligations under the support agreement, including their obligations to execute and deliver the distribution waiver agreement, (1) after any change in recommendation by the Holdings ACG Committee permitted under the merger agreement, (2) after any change in, or a failure to maintain, the Holdings ACG Committee s Special Approval in accordance with the Holdings partnership agreement and (3) after the occurrence of certain specified changes in U.S. federal income tax law if such changes occur prior to the closing of the merger.

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

Fourth Amendment to the Holdings Partnership Agreement

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

Table of Contents

GP Merger

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

Sixth Amended and Restated Agreement of Limited Partnership of the Partnership

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

Distribution Waiver Agreement

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

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

Based on the quarterly distribution rate for Partnership common units of $0.575 paid with respect to the second quarter of 2010, the distributions waived would aggregate approximately $275 million during these distribution periods.

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

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

Table of Contents

THE MERGER AGREEMENT

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

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

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

Structure of the Merger and Related Transactions

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

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

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

When the Merger Becomes Effective

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

Table of Contents

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

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

Effect of Merger on Outstanding Holdings Units and Other Interests

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

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

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

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

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

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

Table of Contents

Exchange of Certificates; Fractional Units

Exchange Agent

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

Exchange of Units

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

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

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

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

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

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

Table of Contents

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

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

Distributions

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

Fractional Units

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

No Liability

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

Table of Contents

Lost, Stolen or Destroyed Certificates

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

Withholding Rights

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

Investment of the Exchange Fund

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

Anti-dilution Provisions

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

Treatment of Holdings Equity-Based Awards; Unit Appreciation Rights

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

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

Table of Contents

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

Actions Pending the Merger

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

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

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

take any action that would have a material adverse effect;

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

Conditions to the Merger

Conditions of Each Party

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

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

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

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

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

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

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

Table of Contents

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

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

Additional Conditions to the Obligations of Holdings

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

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

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

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

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

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

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

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

Additional Conditions to the Obligations of the Partnership

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

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

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

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

Table of Contents

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

- the adoption of the Sixth Partnership Agreement, the merger and the transactions contemplated by the merger agreement will not result in the loss of limited liability of any Partnership limited partner;
- the adoption of the Sixth Partnership Agreement, the merger and the transactions contemplated by the merger agreement will not cause the Partnership or any Operating Partnership (as defined in the Partnership s partnership agreement) to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes;
- at least 90% of the current gross income of the Partnership constitutes qualifying income within the meaning of Section 7704(d) of the Internal Revenue Code;
- this registration statement accurately sets forth the material U.S. federal income tax consequences to the Partnership unaffiliated unitholders of the merger and the transactions contemplated by the merger agreement; and
- no gain or loss should be recognized by existing Partnership unaffiliated unitholders as a result of the merger (other than gain resulting from any decrease in partnership liabilities pursuant to Section 752 of the Internal Revenue Code); and

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

Representations and Warranties

The merger agreement contains representations and warranties of the parties to the merger agreement, many of which provide that the representations and warranties do not extend to matters where the failure of the representation and warranty to be accurate would not result in a material adverse effect on the party making the representation and warranty. These representations and warranties concern, among other things:

- legal organization, existence, general authority and good standing;
- capitalization;
- the absence of Holdings ownership of any equity interests other than in its subsidiaries, in LE GP and in Energy Transfer Equity, which interests it owns free and clear of any liens;
- power and authorization to enter into and carry out the obligations of the merger agreement, and enforceability of the merger agreement;
- required board and committee consents and approvals;
- the accuracy of financial statements and reports filed with the SEC;
- the absence of certain undisclosed liabilities;

compliance with laws;

the absence of undisclosed material contracts and the validity of existing material contracts;