
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

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

Date of Report: October 28, 2004

Date of Earliest Event Reported: October 28, 2004

ENERGY TRANSFER PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-11727
(Commission File Number)

73-1493906
(IRS Employer
Identification No.)

2838 Woodside Street
Dallas, Texas 75204
(Address of principal executive offices) (Zip Code)

(918) 492-7272
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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TABLE OF CONTENTS

[Item 1.01. Entry into a Material Definitive Agreement.](#)

[Item 9.01. Financial Statements and Exhibits.](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[Form of Grant Agreement](#)

Item 1.01. Entry into a Material Definitive Agreement.

On October 28, 2004, Energy Transfer Partners, L.P. (the “Company”) issued performance based vesting common unit awards covering an aggregate of 103,100 shares of its common units (the “Awards”) to certain employees, including awards to the following executive officers:

Name and Title of Executive Officer	Number of Units Awarded
Mackie McCrea	8,000
R.C. Mills	6,000

The Awards were made under the Company’s 2004 Unit Plan and will vest subject to vesting over three (3) years based upon the achievement of certain performance criteria described below. Vested Awards will convert into common units upon the third anniversary of the measuring date for the grants, which is September 1, of each year. The recipients will begin to receive distributions on these units upon vesting and conversion into common units.

Up to one-third of each Award will become vested each year based upon the total return to the Company’s unitholders as compared to a group of MLP peers. The amount to be vested each year will be equal to the percentage reflected in the table below that corresponds to the total return quartile for our unitholders as compared to this peer group. Total return includes the annual distribution plus the increase <decrease> in the unit price for the twelve months beginning September 1 of each year. Each year for the next three years, one third of each Award will vest according to the following schedule:

Peer Group Total Return Quartile	Percent Vested
Top Quartile	100%
2nd Quartile	65%
3rd Quartile	25%
4th Quartile	0%

Early vesting during the period up to the first anniversary date of the Awards will be permitted only upon a change in control involving 75% or more of either the outstanding partner interests of the general partner or the outstanding partner interest of the owner of the general partner. Following the first anniversary, the early vesting provision contained in the 2004 Unit Plan will govern.

A copy of the Form of Grant Agreement is filed herewith as Exhibit 10.1 to this report.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

10.1 Form of Grant Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Energy Transfer Partners, L.P.

By: U.S. Propane L.P., General Partner
By: U.S. Propane L.L.C., General Partner

Date: October 28, 2004

By: /s/ Ray C. Davis
Ray C. Davis
Co-Chief Executive Officer and officer duly authorized to sign on behalf of the registrant

By: /s/ Kelcy L. Warren
Kelcy L. Warren
Co-Chief Executive Officer and officer duly authorized to sign on behalf of the registrant

EXHIBIT INDEX

Exhibit Number	Exhibit Description
10.1	Form of Grant Agreement



ENERGY TRANSFER

MEMORANDUM

To: «Name»**Date:** October 26, 2004

We are extremely pleased to inform you that the Board of Directors has granted you an Award representing up to «Number_of_Units» common units under the Energy Transfer Partners, L.P. 2004 Unit Plan. This Award is subject to vesting over three (3) years based upon the achievement of certain performance criteria. Vested Awards will convert into common units upon the third anniversary of this grant, which is effective as of September 1, 2004. You will begin to receive distributions on these units upon vesting and conversion into common units.

With respect to this Award, up to one-third of the Award could become vested each year based upon the total return to Energy Transfer unitholders as compared to a group of MLP peers. Total return includes the annual distribution plus the increase <decrease> in the unit price for the twelve months beginning September 1 of each year. Each year for the next three years, one third of this award will vest according to the following schedule:

Peer Group Total Return Quartile	Percent Vested
Top Quartile	100%
2nd Quartile	65%
3rd Quartile	25%
4th Quartile	0%

Early vesting during the period up to the first anniversary date of this Award will be permitted only upon a change in control involving 75% or more of either the outstanding partner interests of the general partner or the outstanding partner interest of the owner of the general partner. Following the first anniversary, the early vesting provision contained in the 2004 Unit Plan will govern.

Attached is the 2004 Unit Plan the unitholders approved in June. Each year we anticipate considering additional Awards. We mention this so that you can evaluate the long-term impact of the 2004 Unit Plan. Consistent performance that meets or exceeds expectations could result in the accumulation of a significant number of Awards which represent a future issuance of common units.

Now you have an additional incentive to help the Partnership grow its earnings and, in particular, the enhancement of common unit distributions. Please note that like any compensation issue, Awards under this plan are to be kept confidential unless required by SEC disclosure regulations.

Thanks for your continuing contributions to our efforts. It is a pleasure for us to be associated with you in building an even greater partnership. Enclosed are two originals for your execution, please retain one for your file and forward the other to Peggy Harrison in Tulsa at 8801 S. Yale, Suite 310, Tulsa, Oklahoma 74137.

Accepted:

«Name»

Date:

Ray Davis
Co-Chairman and Co-Chief Executive Officer
By: U.S. Propane, L.P., General Partner
By: U.S. Propane, L.L.C., General Partner

Date:

Kelcy Warren
Co-Chairman and Co-Chief Executive Officer
By: U.S. Propane, L.P., General Partner
By: U.S. Propane, L.L.C., General Partner

Date:

H. Michael Krimbill
President and Chief Financial Officer
By: U.S. Propane, L.P., General Partner
By: U.S. Propane, L.L.C., General Partner

Date: