## IRC §6045B Disclosure Documents (Form 8937)

Effective January 1, 2011 issuers of corporate stock must begin reporting corporate actions that affect stock basis, including but not limited to mergers, stock splits, stock dividends, recapitalizations and distributions in excess on cumulative earnings and profits. The following information is intended to meet the requirements of public disclosure pursuant to Treasury Regulations §1.6045B-1(a)(3) and (b)(4) for Southern Union Company ("SUG"). In December 2011, the Internal Revenue Service issued Form 8937 for reporting corporate actions.

This document is intended to provide a summary of certain U.S. federal income tax consequences to persons who, pursuant to the Merger (as that term is defined below), exchanged each share of their SUG common stock for either \$44.25 in cash or 1.00 Energy Transfer Equity, L.P. ("ETE") common unit.. For purposes of the following discussion, it has been assumed that each SUG shareholder that received Merger consideration from ETE is an individual citizen or resident of the United States who purchased SUG common stock for cash and held such stock as a capital asset. This document does not generally apply to any shares held in tax-deferred accounts, such as 401(k) or IRA accounts. Further, the following summary is premised on the Merger qualifying as a contribution of SUG common stock to ETE to the extent a SUG shareholder receives ETE common units as Merger consideration under Section 721(a) of the U.S. Internal Revenue Code of 1986, as amended.

This document does not constitute, is not intended to be and should not be construed as tax advice and does not address any special tax rules (including, but not limited to, the alternative minimum tax) or the tax consequences in any state, local, or foreign jurisdiction. Please consult the Registration Statement on Form S-4 (that included a proxy statement/prospectus) filed with the Securities and Exchange Commission and declared effective on October 27, 2011 for additional information regarding the U.S. income tax consequences of the Merger. The actual tax consequences of the Merger to you may be complex and will depend on your specific tax situation. Please consult your own tax adviser to determine the U.S. income tax consequences of the transaction to you in light of your own personal circumstances as well as any other tax consequences under any state, local, or foreign tax authorities.

## I. Reporting Issuer:

Southern Union Company

EIN: 75-0571592

## **II. Security Identifiers:**

CUSIP: 844030106

Symbol: SUG Exchange: NYSE

Security: Common Stock

#### III. Contact at Issuer:

If you held your SUG common stock in a brokerage account (i.e. in non-registered ("street name") account), you should contact your brokerage firm directly for inquires. Registered shareholders should contact the Transfer Agent or ETE Investor Relations for inquiries pertaining to their account.

Southern Union Company c/o Computershare Trust Company, N.A. 250 Royall Street, MS-3B Canton, MA 02021

Phone: 1-800-736-3001

Southern Union Company 5051 Westheimer Houston, TX 77056 Contact: Robert M. Kerrigan

Phone: 713-989-7816

Email: rob.kerrigan@ sug.com

Energy Transfer Equity, L.P. Investor Relations 3738 Oak Lawn Ave. Dallas, TX 75219

E-mail: InvestorRelations@energytransfer.com

Contact: Brent Ratliff Phone: 214-981-0795

#### IV. Action

On March 26, 2012, the merger (the "Merger") contemplated pursuant to the Second Amended and Restated Agreement and Plan of Merger, dated as of July 19, 2011, as amended, among SUG, ETE and Sigma Acquisition Corporation, a wholly-owned subsidiary of ETE, was completed. Upon the completion of the Merger, SUG became a wholly owned indirect subsidiary of ETE.

In connection with the Merger, SUG stockholders were able to elect to exchange each outstanding share of SUG common stock for \$44.25 of cash or 1.00x ETE common units, with no more than 60% of the aggregate merger consideration payable in cash and no more than 50% of the merger consideration payable in ETE common units. Based on the final results of the merger consideration elections, holders of approximately 54% of outstanding SUG shares, or 67,985,929 shares, received cash, while holders of approximately 46% of outstanding SUG shares, or 56,981,860 shares, will received ETE common units.

As a result of the Merger and effective with the closing of the New York Stock Exchange (NYSE) on March 26, 2012, SUG ceased to be a publicly traded company and its common stock stop trading on the NYSE.

#### V. Effect of Action

### A. Carryover basis

If a SUG shareholder elected to receive all ETE common units, the carryover basis in the ETE common units shall be as follows:

The carryover basis in the ETE common units received in connection with the Merger will be equal to the SUG stockholder's adjusted tax basis in the SUG common stock immediately prior to the Merger.

# If a SUG shareholder elected to receive a combination of cash and ETE common units the carryover basis in the ETE common units shall be as follows:

- 1) In general, the percentage of the SUG stockholder's shares that are considered to have been exchanged for ETE common units will be the fair market value (FMV) of the ETE common units at the time of the merger divided by the total consideration (cash and FMV of ETE common units) received by the SUG stockholder as a result of the Merger or
- 2) Alternatively, a SUG stockholder may attempt to specifically identify which of the stockholder's SUG common stock are to be considered exchanged for ETE common units in determining his carryover basis.

Likewise, ETE will receive a carryover basis in SUG common stock equal to the SUG's shareholder's carryover basis in the ETE common units.

## B. Holding Period

The holding period for ETE common units received in exchange for shares of SUG common stock pursuant to the Merger should include the period during which the stockholder held the SUG common stock, provided that the SUG common stock was held as a capital asset by such holder at the time of the Merger.

## C. Gain (loss)

A SUG stockholder electing to receive cash for all or a portion of the their SUG common stock in the Merger generally will recognize gain or loss in an amount equal to the difference between the \$44.25 per share of cash received and the stockholder's adjusted basis in the SUG common stock.

Any such gain should be long term capital gain if the stockholder held the shares of common stock as a capital asset and the stockholder's holding period for the shares of common stock exceeds one year. Long term capital gains of non-corporate taxpayers are currently taxable at a maximum U.S. federal income tax rate of 15% and short term capital gains are taxed at the regular U.S. federal income tax rates applicable to non-corporate taxpayers.