# 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 (Date of earliest event reported): **June 25, 2011**

# SOUTHERN UNION COMPANY
(Exact name of registrant as specified in its charter)

| **Delaware** | **1-6407** | **75-0571592** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| **5444 Westheimer Road** | **77056-5306** |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: **(713) 989-2000**

**N/A**
(Former name or former address, if changed since last report)

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:

x Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01 Regulation FD Disclosure.**

On June 25, 2011, counsel to Southern Union Company (the "Company") received a letter from counsel to Energy Transfer Equity, L.P. ("ETE") in connection with the Agreement and Plan of Merger (the "Merger Agreement") entered in to by the Company and ETE on June 15, 2011 and the subsequent, unsolicited June 23, 2011 proposal from The Williams Companies, Inc. ("Williams") to acquire all of the outstanding shares of the Company for $39.00 per share in cash (the "Williams Proposal"). The letter stated that it was ETE's position that (i) at the current time the Company's Board of Directors (the "Board") is not permitted by the Merger Agreement to engage in any discussions or negotiations with Williams concerning the Williams Proposal, or furnish Williams any non-public information concerning the Company, and (ii) that ETE does not believe that the Board can conclude, in good faith, that the Williams Proposal constitutes, or is reasonably likely to result in, a Superior Offer (as defined in the Merger Agreement). The Board has not expressed any position on ETE's assertions and has not responded to ETE's letter, a copy of which is furnished as Exhibit 99.1 in connection herewith.

On June 26, 2011, upon the instructions of the special committee (the "Special Committee") of the Board, a letter was sent to Williams, seeking clarification of certain aspects of the Williams Proposal. Receipt of the clarifications requested in the letter are important for the Special Committee's and the Board's evaluation of the Williams Proposal in accordance with their fiduciary duties and to comply with terms of the Merger Agreement. A copy of the letter requesting clarification is furnished herewith as Exhibit 99.2.

At this time the Board reaffirms its recommendation of the Merger Agreement.

In accordance with General Instruction B.2 of Form 8-K, the information set forth in this Item 7.01 and in the attached Exhibits 99.1 and 99.2 shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

**Item 8.01 Other Events.**

To the extent required, the information included in Item 7.01 of this Form 8-K is hereby incorporated by reference into this Item 8.01.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

| **Exhibit** | **Description** |
|---|---|

| No. | |
|---|---|
| 99.1* | June 25, 2011 Letter from Latham & Watkins, LLP to Locke Lord Bissell & Liddell LLP regarding Conditional Proposal Received from The Williams Companies, Inc. |
| 99.2* | June 26, 2011 Request for Clarification Letter from the Board of Directors of Southern Union Company to The Williams Companies, Inc. |

* In accordance with general instruction B.2 to Form 8-K, the information in this Form 8-K under Item 7.01 (Regulation FD Disclosure) shall be deemed "furnished" and not "filed" with the SEC for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.



**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.

SOUTHERN UNION COMPANY

June 27, 2011

By: /s/ Robert M. Kerrigan, III
Robert M. Kerrigan, III
Vice President, Assistant General Counsel & Secretary



**EXHIBIT INDEX**

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**Exhibit 99.1**

LATHAM & WATKINS LLP

June 25, 2011

Locke Lord Bissell & Liddell LLP
2200 Ross Avenue
Suite 2200
Dallas, Texas 75201-6776
Attn: Don Glendenning

Re: Conditional Proposal Received from The Williams Companies, Inc. ("Williams")

Dear Don:

We are in receipt of your correspondence regarding disclosures pursuant to Section 5.4(b) of that certain Agreement and Plan of Merger by and among Energy Transfer Equity, L.P. ("Energy Transfer"), Sigma Acquisition Corporation and Southern Union Company ("Southern Union"), dated as of June 15, 2011 (the "Merger Agreement"), relating to the above-referenced conditional proposal from Williams (the "Proposal"). Terms used herein and not defined have the meanings ascribed thereto in the Merger Agreement.

We understand and respect the fiduciary obligations of Southern Union's Board of Directors (the "Board") in connection with the evaluation of the Proposal. We are also confident that your Board appreciates the value and certainty represented by our agreed transaction, and we know both of our companies will act in a manner which preserves that value for our respective shareholders and unitholders. In that regard, we want to advise you of our conclusion that your Board is not permitted by Section 5.4 of the Merger Agreement to engage in any discussions or negotiations with Williams concerning the Proposal, or furnish Williams any non-public information concerning Southern Union.

Specifically, we do not believe that the Board can conclude, in good faith, that the Proposal constitutes, or is reasonably likely to result in, a Superior Offer. In order for the Proposal to constitute a Superior Proposal, the Board must, among other things:

- · Determine that the Proposal will "be more favorable to [Southern Union's] stockholders from a financial point of view than the merger and the transactions contemplated by the [Merger] Agreement"; and
- Consider the likelihood of consummation of the Proposal, including "required approvals, conditions to consummation, legal, financial, regulatory and other aspects

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of the offer."

Given the value represented by the intrinsic value of the partnership interests comprising the consideration provided your stockholders under our Merger Agreement (as noted in our statement yesterday) and the speculative and conditional nature of the Proposal, we do not believe the Board can conclude (i) that the Proposal is reasonably likely to lead to a Superior Proposal, or (ii) in good faith that the failure to engage in discussion or negotiations with Williams would be reasonably likely to constitute a breach by the Board of its fiduciary duties. There are numerous deficiencies with the Proposal giving rise to these uncertainties, including, but not limited to, the following:

- The transaction as described in the Proposal is not reasonably likely to be consummated because Williams neither has the cash on hand to pay the proposed cash consideration nor committed financing from reputable financial institutions. Instead, the Proposal is supported simply by "highly confident" statements from Barclays and Citi regarding the ability of Williams "to obtain financing", without speaking in any measure to the commitment of those institutions to themselves provide funding.
- The Proposal already has had negative implications on the credit ratings of Southern Union and its wholly owned subsidiary, Panhandle Eastern Pipe Line Co., as evidenced by the recent action by Fitch placing both such companies on ratings watch, further undermining the prospects of Williams obtaining the necessary financing.
- We believe the Proposal may face significant regulatory challenges, either making consummation of a transaction speculative or causing material delay.

Energy Transfer looks forward to concluding the transactions contemplated by the Merger Agreement. We will continue to support the transaction. In this regard, we know that Southern Union will comply with the requirements of Section 5.4(a) of the Merger Agreement, which require an affirmative reaffirmation by your Board of our transaction in connection with any public statements or announcements made concerning the Proposal.

If you would like to discuss the contents of this letter, please feel free to give me a call.

Best regards,

Sean T. Wheeler
of Latham & Watkins LLP

cc: Eric D. Herschmann
Thomas P. Mason
William N. Finnegan IV

Mark D. Gerstein
David S. Allinson

**Exhibit 99.2**

SULLIVAN & CROMWELL LLP

June 26, 2011

James J. Bender
Senior Vice President and General Counsel
The Williams Companies, Inc.
One Williams Center
P.O. Box 2400
Tulsa, OK 74102-2400

Dear Mr. Bender:

I am writing on behalf of the Special Committee (the "Special Committee") of the Board of Directors of Southern Union Company (the "Company") to request clarification of certain points from the letter, dated June 23, 2011, submitting a proposal by The Williams Companies, Inc ("Williams") to acquire 100% of the issued and outstanding common stock of the Company at $39.00 per share payable in cash. The Special Committee, with the advice and counsel of its financial and legal advisors, is evaluating the proposal made in your letter. In order to better understand your proposal, including to determine whether your proposal is, or could reasonably be expected to lead to, a Superior Offer (as that term is defined in our merger agreement with Energy Transfer Equity, L.P.), the Special Committee requests written clarification of the following terms and conditions of your proposal.

Williams' letter states: "Our proposal is not subject to any financing contingency. We have engaged Barclays Capital and Citi as financial advisors and financing sources for the transaction, and they have informed us that they are highly confident in our ability to finance the all-cash purchase price." In order to fully understand your proposal, the Special Committee requests that you clarify your ability to finance your proposal, including clarification of the financial metrics and coverage ratios supporting your contemplated financing, the nature and expected timing of any financing commitments you intend to secure and any other information that would be relevant to the Special Committee's understanding of the financeability of your proposal and the certainty you are prepared to provide with respect thereto.

Williams' letter also states: "We have also reviewed the regulatory approvals required for a combination of our businesses. We have developed a comprehensive plan for securing all necessary regulatory approvals and would be pleased

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to discuss this plan with you at your earliest convenience." When Mr. Armstong met on January 31 with Messrs. Lindemann and Herschmann, he provided a specific proposed course of action with respect to certain regulatory matters; the Special Committee would like to understand whether this course of action is still intended and would further like to understand in detail Williams' plans for obtaining regulatory approvals, the actions Williams would commit to take to do so, the timing for taking these actions, and the implications for the timing and certainty of closing any transaction between the Company and Williams.

Williams' responses to the foregoing questions will be helpful in the Special Committee and the Board's understanding of your proposal, including whether it is, or could reasonably be expected to lead to, a Superior Offer. Your prompt response would be appreciated.

Very truly yours,

Joseph B. Frumkin

cc: Thomas N. McCarter, III
Frederick H. Alexander, Esq.
Don M. Glendenning, Esq.
Richard Hall, Esq.

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