

**SOUTHERN UNION COMPANY (SUG) - ELECTION MERGER****DESCRIPTION:**

On December 9, 2011, Shareholders of Southern Union Company (SUG) approved the proposed merger with Energy Transfer Equity, L.P. (ETE).

The Merger: Aggregate Terms

Upon Consummation of the Merger, SUG Common Shares will be converted as follows:

- No more than 50% of all outstanding SUG Common Shares will be converted into 1.00 ETE Common Unit per SUG Share, subject to proration (Stock Consideration). Cash will be paid in lieu of fractional ETE Units.
- No more than 60% of all outstanding SUG Common Shares will be converted into \$44.25 Cash per SUG Share, subject to proration (Cash Consideration).

The Merger: Individual Share Elections

Within the terms of the aggregate merger, individual SUG Shareholders were able to:

- Elect to receive **\$44.25 Cash** for each SUG Common Shares (Cash Election). Cash elections will be subject to proration. OR,
- Elect to receive **1.00 ETE Common Unit** for each SUG Common Share (Stock Election). Stock Elections will be subject to proration. OR,
- Elect to receive a **combination of stock and cash**, subject to proration (Mixed Election). OR,
- Register **no preference** by not making an election (Non-Election).

Under the terms of the election, shares which are not subject to an effective election will be treated as non-electing shares and converted into the right to receive the Stock Consideration, subject to proration as described in the merger agreement.

The election deadline was 5:00 Eastern Time on March 19, 2012.

The Merger Consideration: Prorations

Stock, Cash and Mixed Elections will be subject to proration as described in the SUG Proxy Statement/ ETE Prospectus.

Pending Contract Adjustments:

Pursuant to the By-Laws of the Options Clearing Corporation ("OCC"), the below Southern Union Company options will be adjusted as follows.

Adjustment Date: Tuesday, March 27, 2012

Option Symbol: **SUG** becomes **ETE1**

Underlying Security: **SUG** becomes **ETE1**

CUSIP:

Contract Multiplier: 1

Strike Prices: unchanged

New Multiplier: 100 (e.g. Premium of 1.00 = \$100)

Settlement Allocation:

New Deliverable: **The deliverable for adjusted SUG options will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING SUG SHAREHOLDERS (stated in terms of a current 100-Share deliverable). The adjusted deliverable may be stock, cash, or a combination of cash and stock.**

GTC Order Cancellation:

On Monday, March 26, 2012, immediately after the BOX close, all resting orders for SUG in the order book will be canceled by the BOX Market Operations Center. If a BOX Participant wishes to enter orders for the adjusted ETE1 series, the BOX Participant will need to reenter the orders before the open on Tuesday, March 27, 2012.

Additional Exchange Info:

Old Option Symbol	Old PutCall Code	Old Strike Price	Old Contract Date	New Option Symbol	New PutCall Code	New Strike Price	New Contract Date
SUG	C/P	32.50	04/21/2012	ETE1	C/P	32.50	04/21/2012
SUG	C/P	35.00	04/21/2012	ETE1	C/P	35.00	04/21/2012
SUG	C/P	37.50	04/21/2012	ETE1	C/P	37.50	04/21/2012
SUG	C/P	40.00	04/21/2012	ETE1	C/P	40.00	04/21/2012
SUG	C/P	42.50	04/21/2012	ETE1	C/P	42.50	04/21/2012
SUG	C/P	45.00	04/21/2012	ETE1	C/P	45.00	04/21/2012
SUG	C/P	47.50	04/21/2012	ETE1	C/P	47.50	04/21/2012
SUG	C/P	50.00	04/21/2012	ETE1	C/P	50.00	04/21/2012
SUG	C/P	52.50	04/21/2012	ETE1	C/P	52.50	04/21/2012
SUG	C/P	55.00	04/21/2012	ETE1	C/P	55.00	04/21/2012
SUG	C/P	32.50	05/19/2012	ETE1	C/P	32.50	05/19/2012
SUG	C/P	35.00	05/19/2012	ETE1	C/P	35.00	05/19/2012
SUG	C/P	37.50	05/19/2012	ETE1	C/P	37.50	05/19/2012
SUG	C/P	40.00	05/19/2012	ETE1	C/P	40.00	05/19/2012
SUG	C/P	42.50	05/19/2012	ETE1	C/P	42.50	05/19/2012
SUG	C/P	45.00	05/19/2012	ETE1	C/P	45.00	05/19/2012
SUG	C/P	47.50	05/19/2012	ETE1	C/P	47.50	05/19/2012
SUG	C/P	50.00	05/19/2012	ETE1	C/P	50.00	05/19/2012
SUG	C/P	52.50	05/19/2012	ETE1	C/P	52.50	05/19/2012
SUG	C/P	55.00	05/19/2012	ETE1	C/P	55.00	05/19/2012
SUG	C/P	30.00	06/16/2012	ETE1	C/P	30.00	06/16/2012
SUG	C/P	32.50	06/16/2012	ETE1	C/P	32.50	06/16/2012
SUG	C/P	35.00	06/16/2012	ETE1	C/P	35.00	06/16/2012
SUG	C/P	37.50	06/16/2012	ETE1	C/P	37.50	06/16/2012

Old Option Symbol	Old PutCall Code	Old Strike Price	Old Contract Date	New Option Symbol	New PutCall Code	New Strike Price	New Contract Date
SUG	C/P	40.00	06/16/2012	ETE1	C/P	40.00	06/16/2012
SUG	C/P	42.50	06/16/2012	ETE1	C/P	42.50	06/16/2012
SUG	C/P	45.00	06/16/2012	ETE1	C/P	45.00	06/16/2012
SUG	C/P	47.50	06/16/2012	ETE1	C/P	47.50	06/16/2012
SUG	C/P	50.00	06/16/2012	ETE1	C/P	50.00	06/16/2012
SUG	C/P	32.50	09/22/2012	ETE1	C/P	32.50	09/22/2012
SUG	C/P	35.00	09/22/2012	ETE1	C/P	35.00	09/22/2012
SUG	C/P	37.50	09/22/2012	ETE1	C/P	37.50	09/22/2012
SUG	C/P	40.00	09/22/2012	ETE1	C/P	40.00	09/22/2012
SUG	C/P	42.50	09/22/2012	ETE1	C/P	42.50	09/22/2012
SUG	C/P	45.00	09/22/2012	ETE1	C/P	45.00	09/22/2012
SUG	C/P	47.50	09/22/2012	ETE1	C/P	47.50	09/22/2012
SUG	C/P	50.00	09/22/2012	ETE1	C/P	50.00	09/22/2012
SUG	C/P	52.50	09/22/2012	ETE1	C/P	52.50	09/22/2012
SUG	C/P	55.00	09/22/2012	ETE1	C/P	55.00	09/22/2012

Questions regarding this memo can be addressed to the BOX Market Operations Center at 617-235-2291 or toll free at 1-866-768-8845.