

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except unit data)

	<u>December 31,</u> 2007	<u>August 31,</u> 2007
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 56,557	\$ 77,350
Marketable securities	3,002	3,099
Accounts receivable, net of allowance for doubtful accounts	822,027	637,676
Accounts receivable from related companies	18,070	5,979
Inventories	361,954	192,276
Deposits paid to vendors	42,273	45,490
Prepaid expenses and other current assets	99,913	88,708
Total current assets	<u>1,403,796</u>	<u>1,050,578</u>
PROPERTY, PLANT AND EQUIPMENT, net	6,852,458	5,971,127
ADVANCES TO AND INVESTMENT IN AFFILIATES	86,167	56,564
GOODWILL	757,698	748,018
INTANGIBLES AND OTHER LONG-TERM ASSETS, net	<u>361,975</u>	<u>356,802</u>
Total assets	<u>\$ 9,462,094</u>	<u>\$ 8,183,089</u>
<u>LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 673,116	\$ 487,834
Accounts payable to related companies	48,012	19,136
Exchanges payable	40,382	34,252
Customer advances and deposits	75,831	81,919
Accrued and other current liabilities	357,024	262,611
Current maturities of long-term debt	47,068	47,063
Total current liabilities	<u>1,241,433</u>	<u>932,815</u>
LONG-TERM DEBT, less current maturities	5,870,106	5,198,676
LONG-TERM PRICE RISK MANAGEMENT LIABILITIES	46,479	3,685
DEFERRED INCOME TAXES	199,934	198,947
OTHER NON-CURRENT LIABILITIES	12,986	13,666
MINORITY INTERESTS	2,106,819	1,882,432
COMMITMENTS AND CONTINGENCIES		
Total liabilities	<u>9,477,757</u>	<u>8,230,221</u>
PARTNERS' CAPITAL (DEFICIT):		
General Partner	192	24
Limited Partners - Common Unitholders (222,829,956 and 222,828,332 units authorized, issued and outstanding at December 31, 2007 and August 31, 2007, respectively)	<u>(4,628)</u> <u>(4,436)</u>	<u>(58,918)</u> <u>(58,894)</u>
Accumulated other comprehensive income (loss), per accompanying statements	<u>(11,227)</u>	<u>11,762</u>
Total partners' deficit	<u>(15,663)</u>	<u>(47,132)</u>
Total liabilities and partners' capital (deficit)	<u>\$ 9,462,094</u>	<u>\$ 8,183,089</u>

ENERGY TRANSFER EQUITY, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per unit and unit data)

	<u>Four Months Ended December 31,</u>	
	<u>2007</u>	<u>2006</u>
REVENUES:		
Natural gas operations	\$ 1,832,192	\$ 1,668,667
Retail propane	471,494	409,821
Other	45,656	83,978
Total revenues	<u>2,349,342</u>	<u>2,162,466</u>
COSTS AND EXPENSES:		
Cost of products sold, natural gas operations	1,343,237	1,382,473
Cost of products sold, retail propane	315,698	256,994
Cost of products sold, other	14,719	50,376
Operating expenses	221,757	173,365
Depreciation and amortization	75,406	52,840
Selling, general and administrative	61,874	43,602
Total costs and expenses	<u>2,032,691</u>	<u>1,959,650</u>
OPERATING INCOME	316,651	202,816
OTHER INCOME (EXPENSE):		
Interest expense, net of interest capitalized	(103,375)	(82,979)
Equity in earnings (losses) of affiliates	(94)	4,743
Gain on disposal of assets	14,310	2,212
Other income (expense), net	<u>(34,734)</u>	<u>2,248</u>
INCOME BEFORE INCOME TAX EXPENSE AND MINORITY INTERESTS	192,758	129,040
Income tax expense	<u>9,949</u>	<u>2,155</u>
INCOME BEFORE MINORITY INTERESTS	182,809	126,885
Minority interests	<u>(90,132)</u>	<u>(50,204)</u>
NET INCOME	92,677	76,681
GENERAL PARTNER'S INTEREST IN NET INCOME	<u>287</u>	<u>290</u>
LIMITED PARTNERS' INTEREST IN NET INCOME	<u>\$ 92,390</u>	<u>\$ 76,391</u>
BASIC NET INCOME PER LIMITED PARTNER UNIT	<u>\$ 0.41</u>	<u>\$ 0.45</u>
BASIC AVERAGE NUMBER OF UNITS OUTSTANDING	<u>222,829,916</u>	<u>170,691,287</u>
DILUTED NET INCOME PER LIMITED PARTNER UNIT	<u>\$ 0.41</u>	<u>\$ 0.45</u>
DILUTED AVERAGE NUMBER OF UNITS OUTSTANDING	<u>222,829,916</u>	<u>170,691,287</u>

ENERGY TRANSFER EQUITY, L.P. - PARENT COMPANY**DISTRIBUTABLE CASH**(Dollars in thousands, except per unit)
(unaudited)

The following table presents the calculation and reconciliation of Distributable Cash of the Parent Company with respect to the four months ended December 31, 2007 and 2006:

	Four Months Ended December 31, 2007	Four Months Ended December 31, 2006
Distributable Cash:		
Cash distributions expected from Energy Transfer Partners, L.P. associated with:		
General partner interest:		
Standard distribution rights	\$ 5,110	\$ 4,396
Incentive distribution rights	85,775	69,995
Limited partner interest:		
62,500,797 common units	70,313	64,454
Total cash expected from Energy Transfer Partners, L.P.	<u>161,198</u>	<u>138,845</u>
Deduct expenses of the Parent Company on a stand-alone basis:		
General and administrative expenses	(11,288)	(3,182)
Interest expense, net of amortization of financing costs, interest income, and realized gains on interest rate derivatives	(34,748)	(27,095)
Distributable Cash	<u><u>\$ 115,162</u></u>	<u><u>\$ 108,568</u></u>
Cash distributions to be paid to the partners of Energy Transfer Equity, L.P.:		
Distribution per limited partner unit as of the end of the period	\$ 0.5500	\$ 0.4587
Distributions to be paid to public unitholders	52,206	41,834
Distributions to be paid to affiliates	70,350	58,668
Distributions to be paid to general partner	381	317
Total cash distributions to be paid by Energy Transfer Equity, L.P. to its limited and general partners	<u><u>\$ 122,937</u></u>	<u><u>\$ 100,819</u></u>
Reconciliation of Non-GAAP "Distributable Cash" to GAAP "Net Income" and GAAP "Net cash provided by operating activities" for the Parent Company on a stand-alone basis:		
Net income	\$ 92,677	\$ 76,681
Adjustments to derive Distributable Cash:		
Equity in income of unconsolidated affiliates	(168,547)	(107,586)
Quarterly distribution expected to be received from Energy Transfer Partners, L.P.	161,198	138,845
Amortization of financing costs	1,006	628
Other non-cash	23	-
Change in value of unrealized losses on interest rate derivatives that are not cash flow hedges	28,805	-
Distributable Cash	<u>115,162</u>	<u>108,568</u>
Adjustments to Distributable Cash to derive Net Cash Provided by Operating Activities:		
Quarterly distribution expected to be received from Energy Transfer Partners, L.P.	(161,198)	(138,845)
Cash distribution received from Energy Transfer Partners, L.P. during the periods presented	110,878	49,906
Net changes in other operating assets and liabilities	12,518	(20,325)
Net cash provided by (used in) operating activities for Parent Company on stand-alone basis	<u><u>\$ 77,360</u></u>	<u><u>\$ (696)</u></u>

(1) For the four months ended December 31, 2007, cash distributions expected to be received from Energy Transfer Partners, L.P. consists of cash distributions in respect of the four months ended December 31, 2007 payable on February 14, 2008 to holders of record on the close of business on February 1, 2008. For the four months ended December 31, 2006, cash distributions expected to be received from Energy Transfer Partners, L.P. consists of cash distributions paid on January 15, 2007 for the three months ended November 30, 2006 plus a pro rata amount of the cash distributions paid on April 13, 2007 for the three months ended February 28, 2007 allocated to the one-month period ended December 31, 2006.

(2) For the four months ended December 31, 2007, cash distributions expected to be paid from Energy Transfer Equity, L.P. consists of cash distributions in respect of the four months ended December 31, 2007 payable on February 19, 2008 to holders of record on February 1, 2008. For the four months ended December 31, 2006, cash distributions expected to be paid from Energy Transfer Equity, L.P. consists of cash distributions paid on January 19, 2007 for the three months ended November 30, 2006 plus a pro rata amount of the cash distributions paid on April 16, 2007 for the three months ended February 28, 2007 allocated to the one-month period ended December 31, 2006.