

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

(in thousands, except unit data)  
(unaudited)

|   | <u>March 31,</u><br><u>2008</u> | <u>December 31,</u><br><u>2007</u> |
|---|---------------------------------|------------------------------------|
| <b><u>ASSETS</u></b>  |                                 |                                    |
| CURRENT ASSETS:   |                                 |                                    |
| Cash and cash equivalents                                   | \$ 122,260                      | \$ 56,467                          |
| Marketable securities                                       | 13,651                          | 3,002                              |
| Accounts receivable, net of allowance for doubtful accounts | 1,062,620                       | 822,027                            |
| Accounts receivable from related companies                  | 32,491                          | 24,438                             |
| Inventories   | 116,160                         | 361,954                            |
| Deposits paid to vendors                                    | 60,475                          | 42,273                             |
| Prepaid expenses and other current assets                   | <u>107,555</u>                  | <u>99,798</u>                      |
| Total current assets  | 1,515,212                       | 1,409,959                          |
| PROPERTY, PLANT AND EQUIPMENT, net                          | 6,897,297                       | 6,433,788                          |
| ADVANCES TO AND INVESTMENT IN AFFILIATES                    | 1,253                           | 86,167                             |
| GOODWILL  | 743,383                         | 728,109                            |
| INTANGIBLES AND OTHER LONG-TERM ASSETS, net                 | <u>365,939</u>                  | <u>350,138</u>                     |
| Total assets  | <u><u>\$ 9,523,084</u></u>      | <u><u>\$ 9,008,161</u></u>         |

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(in thousands, except unit data)  
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|   | <u>March 31,</u><br><u>2008</u> | <u>December 31,</u><br><u>2007</u> |
|---|---------------------------------|------------------------------------|
| <b><u>LIABILITIES AND PARTNERS' CAPITAL</u></b>   |                                 |                                    |
| CURRENT LIABILITIES:  |                                 |                                    |
| Accounts payable  | \$ 785,244                      | \$ 672,388                         |
| Accounts payable to related companies   | 26,197                          | 48,483                             |
| Exchanges payable   | 43,533                          | 40,382                             |
| Customer advances and deposits  | 41,056                          | 75,831                             |
| Accrued and other current liabilities   | 155,658                         | 180,465                            |
| Accrued capital expenditures  | 152,954                         | 87,622                             |
| Interest payable  | 45,220                          | 63,254                             |
| Current maturities of long-term debt  | <u>47,213</u>                   | <u>47,036</u>                      |
| Total current liabilities   | 1,297,075                       | 1,215,461                          |
| LONG-TERM DEBT, less current maturities   | 4,640,280                       | 4,297,264                          |
| DEFERRED INCOME TAXES   | 106,837                         | 102,762                            |
| OTHER NON-CURRENT LIABILITIES   | 14,654                          | 13,483                             |
| COMMITMENTS AND CONTINGENCIES   |                                 |                                    |
| Total liabilities   | <u>6,058,846</u>                | <u>5,628,970</u>                   |
| PARTNERS' CAPITAL:  |                                 |                                    |
| General Partner   | 138,619                         | 160,193                            |
| Limited Partners:   |                                 |                                    |
| Common Unitholders (142,819,957 and 142,069,957 units authorized, issued and outstanding at March 31, 2008 and December 31, 2007, respectively) | 3,327,792                       | 3,192,092                          |
| Class E Unitholders (8,853,832 units authorized, issued and outstanding - held by subsidiary and reported as treasury units)                    | <u>-</u>                        | <u>-</u>                           |
|   | 3,466,411                       | 3,352,285                          |
| Accumulated other comprehensive income (loss)   | <u>(2,173)</u>                  | <u>26,906</u>                      |
| Total partners' capital   | <u>3,464,238</u>                | <u>3,379,191</u>                   |
| Total liabilities and partners' capital   | <u>\$ 9,523,084</u>             | <u>\$ 9,008,161</u>                |

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

(in thousands, except per unit and unit data)  
(unaudited)

|  | Three Months Ended |                      |
|--|--------------------|----------------------|
|  | March 31,<br>2008  | February 28,<br>2007 |
| REVENUES:  |                    |                      |
| Natural gas operations                                     | \$ 2,007,847       | \$ 1,492,838         |
| Retail propane   | 598,138            | 499,252              |
| Other  | 33,386             | 70,390               |
| Total revenues   | 2,639,371          | 2,062,480            |
| COSTS AND EXPENSES:  |                    |                      |
| Cost of products sold - natural gas operations             | 1,577,268          | 1,138,709            |
| Cost of products sold - retail propane                     | 392,555            | 304,634              |
| Cost of products sold - other                              | 9,895              | 42,473               |
| Operating expenses   | 178,970            | 133,809              |
| Depreciation and amortization                              | 58,828             | 45,360               |
| Selling, general and administrative                        | 48,369             | 39,133               |
| Total costs and expenses                                   | 2,265,885          | 1,704,118            |
| OPERATING INCOME   | 373,486            | 358,362              |
| OTHER INCOME (EXPENSE):                                    |                    |                      |
| Interest expense, net of interest capitalized              | (55,549)           | (40,772)             |
| Equity in earnings (losses) of affiliates                  | 74                 | (514)                |
| Loss on disposal of assets                                 | (1,451)            | (3,229)              |
| Other income, net  | 17,637             | 1,423                |
| INCOME BEFORE INCOME TAX EXPENSE AND<br>MINORITY INTERESTS | 334,197            | 315,270              |
| Income tax expense   | 5,862              | 3,300                |
| INCOME BEFORE MINORITY INTERESTS                           | 328,335            | 311,970              |
| Minority interests   | -                  | (856)                |
| NET INCOME   | 328,335            | 311,114              |
| GENERAL PARTNER'S INTEREST IN NET INCOME                   | 74,364             | 60,567               |
| LIMITED PARTNERS' INTEREST IN NET INCOME                   | \$ 253,971         | \$ 250,547           |
| BASIC NET INCOME PER LIMITED PARTNER UNIT                  | \$ 1.34            | \$ 1.33              |
| BASIC AVERAGE NUMBER OF UNITS OUTSTANDING                  | 142,762,265        | 136,977,139          |
| DILUTED NET INCOME PER LIMITED PARTNER UNIT                | \$ 1.34            | \$ 1.33              |
| DILUTED AVERAGE NUMBER OF UNITS OUTSTANDING                | 143,197,800        | 137,297,706          |

The Partnership previously announced a change in its year-end from August 31 to December 31. The unaudited consolidated financial statements contained in this press release cover the three-month period ended March 31, 2008 and the three-month period ended February 28, 2007 (the three-month period of the previous fiscal year most nearly comparable to the three-month period ended March 31, 2008). The Partnership did not recast the financial data for the prior fiscal period because the financial reporting processes in place at that time included certain procedures that were completed only on a fiscal quarterly basis. The Partnership believes the information, data and indicated trends for the three-month period ended February 28, 2007 is comparable to what would have been reported for the three-month period ended March 31, 2007 if they had recast the prior period information. Such comparability is impacted primarily by weather, fluctuations in commodity prices, volumes of natural gas sold and transported, our hedging strategies and the use of financial instruments, trading activities, basis differences between market hubs and interest rates.

| <b>SUPPLEMENTAL INFORMATION:</b>  | Three Months Ended |                   |
|-----------------------------------|--------------------|-------------------|
|                                   | March 31,          | February 28,      |
|                                   | 2008               | 2007              |
| <b>(unaudited)</b>                |                    |                   |
| <b>Net income reconciliation:</b> |                    |                   |
| Net income                        | \$ 328,335         | \$ 311,114        |
| Depreciation and amortization     | 58,828             | 45,360            |
| Interest expense                  | 55,549             | 40,772            |
| Income tax expense                | 5,862              | 3,300             |
| Non-cash compensation expense     | 8,086              | 2,907             |
| Interest income and other, net    | (17,637)           | (1,423)           |
| Loss on disposal of assets        | 1,451              | 3,229             |
| EBITDA, as adjusted (a)           | <u>\$ 440,474</u>  | <u>\$ 405,259</u> |

| VOLUMES:                              | Three Months Ended |              |
|---------------------------------------|--------------------|--------------|
|                                       | March 31,          | February 28, |
|                                       | 2008               | 2007         |
| <b>Midstream</b>                      |                    |              |
| Natural gas MMBtu/d - sold            | 1,236,396          | 819,611      |
| NGLs bbls/d - sold                    | 27,794             | 15,901       |
| <b>Transportation and storage</b>     |                    |              |
| Natural gas MMBtu/d - transported     | 9,521,181          | 5,030,631    |
| Natural gas MMBtu/d - sold            | 1,696,912          | 1,655,278    |
| <b>Interstate transportation</b>      |                    |              |
| Natural gas MMBtu/d - transported     | 1,619,358          | 1,728,056    |
| Retail propane gallons (in thousands) | 234,414            | 253,715      |

(a) The Partnership has disclosed in this press release EBITDA, as adjusted, which is a non-GAAP financial measure. Management believes EBITDA, as adjusted, provides useful information to investors as a measure of comparison with peer companies, including companies that may have different financing and capital structures. The presentation of EBITDA, as adjusted, also allows investors to view our performance in a manner similar to the methods used by management and provides additional insight to our operating results.

The Partnership defines EBITDA, as adjusted, as total partnership earnings before interest, taxes, depreciation, amortization and other non-cash items, such as compensation charges for unit issuances to employees and other expenses. Non-cash compensation expense represents charges for the value of the grants awarded under the Partnership's compensation plans over the vesting terms of those plans and are charges which do not, or will not, require cash settlement. Non-cash income or loss such as the gain or loss arising from disposal of assets is not included when determining EBITDA, as adjusted.

EBITDA, as adjusted, is used by management to determine our operating performance and, along with other data, as internal measures for setting annual operating budgets, assessing financial performance of our numerous business locations, as a measure for evaluating targeted businesses for acquisition and as a measurement component of incentive compensation.

There are material limitations to using a measure such as EBITDA, as adjusted, including the difficulty associated with using it as the sole measure to compare the results of one company to another, and the inability to analyze certain significant items that directly affect a company's net income or loss. In addition, our calculation of EBITDA, as adjusted, may not be consistent with similarly titled measures of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP, such as gross margin, operating income, net income, and cash flow from operating activities.