

Energy Transfer Partners, L.P.

Form 424B5

November 09, 2011

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-171697

Class of securities registered	Amount to be registered	Offering price per unit	Aggregate offering price	Amount of registration fee
Common units representing limited partner interests	15,237,500	\$44.67	\$680,659,125	\$78,004(1)

(1) The filing fee, calculated in accordance with Rule 457(r), has been transmitted to the SEC in connection with the securities offered from Registration Statement File No. 333-171697 by means of this prospectus supplement.

PROSPECTUS SUPPLEMENT

(To Prospectus Dated January 13, 2011)

13,250,000 Common Units
Representing Limited Partner Interests

Energy Transfer Partners, L.P.

We are selling 13,250,000 common units representing limited partner interests.

Our common units are listed on the New York Stock Exchange under the symbol ETP. The last reported sale price of our common units on the NYSE on November 7, 2011 was \$45.97 per common unit.

Investing in our common units involves risks. Please read Risk Factors beginning on page S-12 of this prospectus supplement and beginning on page 4 of the accompanying prospectus.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to ETP (Before Expenses)
Per Common Unit	\$ 44.67	\$ 1.34	\$ 43.33
Total	\$ 591,877,500	\$ 17,755,000	\$ 574,122,500

To the extent that the underwriters sell more than 13,250,000 common units representing limited partner interests, the underwriters have the option to purchase up to an additional 1,987,500 common units from us at the initial price to public less the underwriting discount.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of the common units will be made on or about November 14, 2011.

Joint Book-Running Managers

BofA Merrill Lynch

Barclays Capital

Credit Suisse

Goldman, Sachs & Co.

J.P. Morgan

UBS Investment Bank

Senior Co-Managers

Raymond James

RBC Capital Markets

Junior Co-Managers

Baird

Morgan Keegan

Oppenheimer & Co.

Stifel Nicolaus Weisel

Wunderlich Securities

November 8, 2011

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering of common units. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to the common units. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information relating to the offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

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You should rely only on the information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus we may authorize to be delivered to you and the documents we have incorporated by reference. Neither we nor the underwriters have authorized anyone else to give you additional or different information. We are not offering the common units in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus supplement, in the accompanying prospectus or any free writing prospectus we may authorize to be delivered to you is accurate as of any date other than the date on the front of those documents. You should not assume that any information contained in the documents incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

None of Energy Transfer Partners, L.P., the underwriters or any of their respective representatives is making any representation to you regarding the legality of an investment in our common units by you under applicable laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in the common units.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information included or incorporated by reference in this prospectus supplement. It does not contain all of the information that may be important to you. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer herein for a more complete understanding of our business and the terms of this offering, as well as the tax and other considerations that are important to you in making your investment decision.

Unless the context otherwise requires, references to (1) Energy Transfer, ETP, we, us, our and similar terms, as well as references to the Partnership, are to Energy Transfer Partners, L.P. and all of its operating limited partnerships and subsidiaries and (2) ETE are to Energy Transfer Equity, L.P., the owner of our general partner. Unless we indicate otherwise, the information presented in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units.

Energy Transfer Partners, L.P.

Overview

We are a publicly traded limited partnership that owns and operates a diversified portfolio of energy assets. Our natural gas operations include intrastate natural gas gathering and transportation pipelines, two interstate pipelines, natural gas gathering, processing and treating assets located in Texas, New Mexico, Arizona, Louisiana, Arkansas, Mississippi, West Virginia, Colorado and Utah, and three natural gas storage facilities located in Texas. These assets include more than 17,500 miles of pipeline in service and a 50% interest in a joint venture that has approximately 185 miles of interstate pipeline in service. Our intrastate and interstate pipeline systems transport natural gas from several significant natural gas producing areas, including the Barnett Shale in the Fort Worth Basin in north Texas, the Bossier Sands in east Texas, the Permian Basin in west Texas and New Mexico, the Eagle Ford Shale in south and central Texas, the San Juan Basin in New Mexico, the Fayetteville Shale in Arkansas, and the Haynesville Shale in north Louisiana. Our gathering and processing operations are conducted in many of these same producing areas as well as in the Piceance and Uinta Basins in Colorado and Utah. We also hold a 70% interest in a joint venture that owns and operates natural gas liquids, or NGL, storage, fractionation and transportation assets in Texas, Louisiana and Mississippi. We are also one of the three largest retail marketers of propane in the United States, serving more than one million customers across the country.

We have experienced substantial growth over the last several years through a combination of internal growth projects and strategic acquisitions. Our internal growth projects consist primarily of the construction of both intrastate and interstate natural gas transmission pipelines. From September 1, 2003 through September 30, 2011, we made growth capital expenditures, excluding capital contributions made in connection with the Midcontinent Express Pipeline (which was sold to ETE and then to Regency Energy Partners LP, or Regency, in May 2010) and Fayetteville Express Pipeline joint ventures, of approximately \$7.2 billion, approximately \$5.3 billion of which was related to natural gas transmission pipelines. We expect to make growth capital expenditures of \$465 million to \$580 million for the remainder of 2011. These amounts do not include capital contributions that we may make to the Fayetteville Express Pipeline joint venture or the joint venture we formed with Regency to acquire the interests in LDH Energy Asset Holdings LLC described below under Recent Developments.

We have increased our cash flow from operating activities from \$162.7 million for the twelve months ended August 31, 2004 to \$1.2 billion for the year ended December 31, 2010 primarily as a result of these internal growth projects and acquisitions. We have also increased our cash distributions from \$0.325 per common unit for the quarter

ended November 30, 2003 (\$1.30 per common unit on an annualized basis) to \$0.89375 per common unit for the quarter ended September 30, 2011 (\$3.575 per common unit on an annualized basis).

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Our Business

Intrastate Transportation and Storage Operations

We own and operate approximately 7,700 miles of intrastate natural gas transportation pipelines and three natural gas storage facilities. We own the largest intrastate pipeline system in the United States. Our intrastate pipeline system interconnects to many major consumption areas in the United States. Our intrastate transportation and storage segment focuses on the transportation of natural gas from various natural gas producing areas to major natural gas consuming markets through connections with other pipeline systems. Our intrastate natural gas pipeline system has an aggregate throughput capacity of approximately 14.3 billion cubic feet per day, or Bcf/d, of natural gas. For the year ended December 31, 2010, we transported an average of 12.3 Bcf/d of natural gas through our intrastate natural gas pipeline system.

We also provide natural gas storage services for third parties for which we charge storage fees as well as injection and withdrawal fees from the use of our three natural gas storage facilities. Our storage facilities have an aggregate working gas capacity of approximately 74.4 Bcf. In addition to our natural gas storage services, we utilize our Bammel gas storage facility to engage in natural gas storage transactions in which we seek to find and profit from pricing differences that occur over time. These transactions typically involve a purchase of physical natural gas that is injected into our storage facilities and a related sale of natural gas pursuant to financial futures contracts at a price sufficient to cover our natural gas purchase price and related carrying costs and provide for a gross profit margin.

Our intrastate transportation and storage operations accounted for approximately 49% and 56% of our total consolidated operating income for the years ended December 31, 2010 and December 31, 2009, respectively.

Interstate Transportation Operations

We own and operate the Transwestern pipeline, an open-access natural gas interstate pipeline extending from the gas producing regions of west Texas, eastern and northwest New Mexico, and southern Colorado primarily to pipeline interconnects off the east end of its system and to pipeline interconnects at the California border. Including the recently completed projects described below, Transwestern comprises approximately 2,700 miles of pipeline with a capacity of 2.1 Bcf/d. The Transwestern pipeline has access to three significant gas basins: the Permian Basin in west Texas and eastern New Mexico, the San Juan Basin in northwest New Mexico and southern Colorado, and the Anadarko Basin in the Texas and Oklahoma panhandle. Natural gas sources from the San Juan Basin and surrounding producing areas can be delivered eastward to Texas intrastate and mid-continent connecting pipelines and natural gas market hubs as well as westward to markets like Arizona, Nevada and California. Transwestern's customers include local distribution companies, producers, marketers, electric power generators and industrial end-users.

Our interstate transportation segment accounted for approximately 13% and 12% of our total consolidated operating income for the years ended December 31, 2010 and December 31, 2009, respectively.

Midstream Operations

We own and operate approximately 7,000 miles of in-service natural gas gathering pipelines, three natural gas processing plants, 17 natural gas treating facilities, and ten natural gas conditioning facilities. Our midstream segment focuses on the gathering, compression, treating, blending, processing and marketing of natural gas, and our operations are currently concentrated in major producing basins, including the Barnett Shale in north Texas, the Bossier Sands in east Texas, the Austin Chalk trend and Eagle Ford Shale in south and southeast Texas, the Permian Basin in west Texas, the Piceance and Uinta Basins in Colorado and Utah and the Haynesville Shale in north Louisiana. Many of our midstream assets are integrated with our intrastate transportation and storage assets.

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In February 2011, we announced that we had entered into multiple long-term agreements with shippers to provide additional transportation services from the Eagle Ford Shale located in south Texas. We completed the initial phase of the Rich Eagle Ford Mainline pipeline, or REM pipeline, in October 2011. The initial phase consists of 160 miles of 30-inch pipeline and has an initial capacity of 400 MMcf/d, with the ability to expand capacity to 800 MMcf/d. This rich gas gathering system originates in Dimmitt County, Texas and extends to our Chisholm Pipeline for ultimate deliveries to our existing processing plants and to a new 120 MMcf/d processing plant, which we also announced in connection with the REM pipeline. We expect the new processing plant to be in service in the first quarter 2012. In April 2011, we announced that we had entered into long-term fee-based agreements with multiple producers to provide natural gas gathering, processing and liquids services from the Eagle Ford Shale. To facilitate these agreements, we will expand the REM pipeline and construct a new processing facility in Jackson County, Texas. Please read Recent Developments Expansion of Eagle Ford Shale Projects below.

Our midstream segment accounted for approximately 21% and 12% of our total consolidated operating income for the years ended December 31, 2010 and December 31, 2009, respectively.

NGL Transportation and Services Operations

Through a joint venture with Regency, we acquired NGL transportation, storage and fractionation operations in connection with the acquisition of LDH Energy Asset Holdings LLC, as discussed in Recent Developments Acquisition of LDH Energy Asset Holdings LLC below.

Retail Propane Operations

We are one of the three largest retail propane marketers in the United States, serving more than one million customers across the country. Our propane operations extend from coast to coast with concentrations in the western, upper midwestern, northeastern and southeastern regions of the United States. Our propane business has grown primarily through acquisitions of retail propane operations and, to a lesser extent, through internal growth. Our retail propane operations accounted for approximately 17% and 20% of our total consolidated operating income for the years ended December 31, 2010 and December 31, 2009, respectively.

In October 2011, we entered into an agreement with AmeriGas Partners, L.P., or AmeriGas, to contribute our propane business to AmeriGas in exchange for consideration of approximately \$2.9 billion, as discussed in Recent Developments Propane Business Contribution below.

Business Strategy

Our business strategy is to increase unitholder distributions and the value of our common units. We believe we have engaged, and will continue to engage, in a well-balanced plan for growth through strategic acquisitions, internally generated expansion, and measures aimed at increasing the profitability of our existing assets. We intend to continue to operate as a diversified, growth-oriented master limited partnership with a focus on increasing the amount of cash available for distribution on each common unit. Historically, we have pursued independent operating and growth strategies for our natural gas operations and retail propane business to provide the best positioning to achieve our objectives.

We believe that we are well-positioned to compete in all of the natural gas, NGL and retail propane industries in which we operate, based on the following strengths:

We believe that the size and scope of our operations, our stable asset base and cash flow profile, and our investment grade status will be significant positive factors in our efforts to obtain new debt or equity

financing in light of current market conditions.

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Our experienced management team has an established reputation as highly-effective, strategic operators within our operating segments. In addition, our management team is motivated to effectively and efficiently manage our business operations through performance-based incentive compensation programs and through ownership of a substantial equity position in Energy Transfer Equity, L.P., the entity that indirectly owns our general partner and therefore benefits from incentive distribution payments we make to our general partner.

Natural Gas Operations Business Strategies

Enhance profitability of existing assets. We intend to increase the profitability of our existing asset base by adding new volumes of natural gas under long-term producer commitments, undertaking additional initiatives to enhance utilization and reducing costs by improving operations.

Engage in construction and expansion opportunities. We intend to leverage our existing infrastructure and customer relationships by constructing and expanding systems to meet new or increased demand for midstream and transportation services.

Increase cash flow from fee-based businesses. We intend to seek to increase the percentage of our midstream business conducted with third parties under fee-based arrangements in order to reduce our exposure to changes in the prices of natural gas and natural gas liquids.

Growth through acquisitions. We intend to continue to make strategic acquisitions of midstream, transportation and storage assets in our current areas of operation that offer the opportunity for operational efficiencies and the potential for increased utilization and expansion of our existing and acquired assets.

Recent Developments

Citrus Acquisition

On July 19, 2011, ETE entered into a Second Amended and Restated Agreement and Plan of Merger, which we refer to as the SUG Merger Agreement, with Sigma Acquisition Corporation, a wholly owned subsidiary of ETE, which we refer to as Merger Sub, and Southern Union Company, or SUG. Under the terms of the SUG Merger Agreement, Merger Sub will merge with and into SUG, with SUG continuing as the surviving entity and becoming a wholly owned subsidiary of ETE, subject to certain conditions to closing. We refer to such transactions as the SUG Merger.

Consummation of the SUG Merger is subject to customary conditions, including, without limitation: (i) the adoption of the SUG Merger Agreement by the stockholders of SUG, (ii) the receipt of required approvals from the FERC, the Missouri Public Service Commission and, if required, the Massachusetts Department of Public Utilities, (iii) the effectiveness of a registration statement on Form S-4 relating to the common units of ETE to be issued in the SUG Merger, and (iv) the absence of any law, injunction, judgment or ruling prohibiting or restraining the SUG Merger or making the consummation of the SUG Merger illegal.

The registration statement on Form S-4 relating to the common units of ETE to be issued in the SUG Merger was declared effective by the Securities and Exchange Commission, or SEC, on October 27, 2011. On October 28, 2011, SUG commenced the distribution of the proxy statement/prospectus for the special meeting of SUG stockholders associated with the SUG Merger. The special meeting of the SUG stockholders is scheduled for December 9, 2011. The primary purpose of the meeting is to vote on the proposed SUG Merger.

On July 19, 2011, we entered into an Amended and Restated Agreement and Plan of Merger, which we refer to as the Citrus Merger Agreement, with ETE, Citrus ETP Acquisition, L.L.C., SUG and CrossCountry Energy, LLC. Under the Citrus Merger Agreement, it is anticipated that SUG will cause the contribution to us of a 50% interest in Citrus Corp., which owns 100% of the Florida Gas Transmission

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pipeline system and is currently jointly owned by SUG and El Paso Corporation, which transaction we refer to as the Citrus Acquisition. The Citrus Acquisition will be effected through the merger of Citrus ETP Acquisition, L.L.C., our wholly owned subsidiary, with and into CrossCountry Energy, LLC, a wholly owned subsidiary of SUG that indirectly owns a 50% interest in Citrus Corp. In exchange for the interest in Citrus Corp., SUG will receive approximately \$2.0 billion, consisting of \$1.895 billion in cash and \$105 million of our common units. We expect to fund substantially all of the cash portion of the purchase price initially through the issuance of debt and borrowings under our amended and restated revolving credit facility. In connection with this transaction, ETE has agreed to relinquish its rights to approximately \$220 million of the incentive distributions that ETE would otherwise be entitled to receive from us over 16 consecutive quarters following the closing of the Citrus Acquisition.

Consummation of the Citrus Acquisition is subject to customary conditions, including, without limitation:

(i) satisfaction or waiver of the closing conditions set forth in the SUG Merger Agreement, (ii) the receipt by us of any necessary waivers or amendments to the credit agreement governing our amended and restated revolving credit facility, (iii) the amendment of our partnership agreement to reflect the agreed upon relinquishment by ETE of the incentive distributions discussed above, and (iv) the absence of any order, decree, injunction or law prohibiting or making the consummation of the transactions contemplated by the Citrus Merger Agreement illegal. The Citrus Merger Agreement contains certain termination rights for both us and ETE, including among others, the right to terminate if the Citrus Acquisition is not completed by December 31, 2012 or if the SUG Merger Agreement is terminated.

The Citrus Acquisition is subject to certain risks, which include, but are not limited to: (i) risks related to the integration of the acquired assets with our current operations and (ii) risks related to the financing we expect to pursue to fund the cash portion of the purchase price. For a discussion of these risks, please read **Risk Factors** beginning on page S-12.

Pursuant to the Citrus Merger Agreement, ETE has granted us a right of first offer with respect to any disposition by ETE or SUG of Southern Union Gas Services, a subsidiary of SUG that owns and operates a natural gas gathering and processing system serving the Permian Basin in west Texas and New Mexico.

Acquisition of LDH Energy Asset Holdings LLC

On March 22, 2011, we and Regency announced that ETP-Regency Midstream Holdings, LLC, or ETP-Regency LLC, a joint venture owned 70% by us and 30% by Regency, had entered into a purchase agreement with Louis Dreyfus Highbridge Energy LLC, pursuant to which ETP-Regency LLC agreed to acquire all of the membership interests in LDH Energy Asset Holdings LLC. This transaction, which we refer to as the LDH Acquisition, was completed on May 2, 2011 for \$1.98 billion in cash. Following the closing of the LDH Acquisition, ETP-Regency LLC was renamed Lone Star NGL LLC, or Lone Star. We and Regency have each made an initial capital contribution to Lone Star in proportion to our respective equity interests to fund the purchase price for the LDH Acquisition. Lone Star will be managed by a two-person board of directors, with us and Regency each having the right to appoint one director.

Lone Star owns and operates a diverse set of midstream energy assets that represent critical infrastructure connecting high-growth production areas to end-markets. The Lone Star assets include NGL and refined products storage facilities located in Mont Belvieu, Texas and Hattiesburg, Mississippi; a 12-inch long-haul intrastate NGL pipeline, which we refer to as the West Texas Pipeline, originating in the Permian Basin in west Texas, passing through the Barnett Shale production area and terminating at Mont Belvieu; NGL fractionation and natural gas processing facilities near Baton Rouge and New Orleans, Louisiana; and a 20% equity interest in the Sea Robin wet gas processing plant near Henry Hub, Louisiana. The Mont Belvieu storage facility has approximately 43 million barrels, or MMBbls, of capacity in 24 underground salt dome caverns. The Hattiesburg facility has 3.9 MMBbls of usable

capacity in three salt dome caverns, with 9.6 MMBbls of total cavern capacity, and two brine ponds with combined capacity of over 75 thousand barrels, or MBbls. The intrastate pipeline assets include the 1,066-mile West Texas Pipeline with

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144 MBbls per day, or MBPD, of capacity, 12 pump stations providing 21,500 horsepower of compression, and over 20 injection points. The NGL fractionation and processing facilities consist of one fractionation unit with 25 MBPD of capacity, two cryogenic processing plants with combined capacity of 82 MMcf/d. The Sea Robin wet gas processing plant has 850 MMcf/d of natural gas capacity and 26 MBPD of NGL capacity.

On May 5, 2011, we announced that Lone Star will construct a 100 MBPD NGL fractionation facility at Mont Belvieu. We will utilize a substantial amount of this fractionation capacity to handle NGL barrels we will deliver from the new processing facility we plan to build in Jackson County, Texas, a facility supported by multiple 10-year contracts with producers as part of our Eagle Ford Shale projects. Please read *Expansion of Eagle Ford Shale Projects* below. Additionally, Regency plans to provide NGL barrels to this facility for fractionation. As part of this project, Lone Star will also develop additional storage facilities for NGLs and other liquids. The project will also include interconnectivity infrastructure to provide NGL suppliers with significant access to storage, other fractionators, pipelines and multiple markets along the Texas and Louisiana Gulf Coast.

On June 22, 2011, we announced that Lone Star will construct an approximately 530-mile NGL pipeline that extends from Winkler County in west Texas to the Jackson County processing plant in Jackson County, Texas. In addition, Lone Star has secured capacity on our proposed 20-inch NGL pipeline from Jackson County to Mont Belvieu. Lone Star's new pipeline will have a minimum capacity of approximately 130 MBPD with the potential to upsize the pipeline capacity depending on ongoing negotiations. The project currently has over 65% of the capacity subscribed with key producers and processors under 15-year agreements, and is expected to be completed by the first quarter of 2013. Currently, this project is expected to be completed as an approximately 570-mile NGL pipeline with total estimated cost of \$917 million.

Expansion of Eagle Ford Shale Projects

On April 21, 2011, we announced that we had entered into long-term fee-based agreements with multiple producers, including Rosetta Resources Operating LP, SM Energy Company, and a subsidiary of Anadarko Petroleum Corporation, to provide natural gas gathering, processing, and liquids services from the Eagle Ford Shale. To facilitate these agreements, which include volume commitments in excess of 540,000 MMBtu per day of natural gas, we will expand the previously announced REM pipeline in south Texas and will construct a new processing facility in Jackson County, Texas. The REM pipeline expansion, which will extend from our Chisholm Pipeline in DeWitt County east into Jackson County, Texas, will add approximately 70 miles of 36- or 42-inch pipe to the initial 160-mile, 30-inch pipeline that was announced in February 2011. When fully constructed, the REM pipeline will consist of approximately 230 miles of large diameter pipe with a capacity of at least 600 MMcf/d. We completed the initial phase of REM in October 2011 and completion of the REM expansion is scheduled for the first quarter of 2013. The Jackson County gas processing plant will have approximately 600 MMcf/d of capacity and can be expanded to 800 MMcf/d. The plant is scheduled for completion in the first quarter of 2013.

On May 5, 2011, we announced that we were considering alternatives to secure NGL pipeline capacity from Jackson County, Texas to Mont Belvieu. Subsequently, we have decided to construct a 130-mile, 20-inch NGL pipeline from the new processing facility we plan to build in Jackson County to Mont Belvieu. This pipeline would provide capacity for NGL barrels from the Eagle Ford Shale and from the proposed Lone Star NGL pipeline from west Texas. The capacity of the proposed 20-inch pipeline is expected to be approximately 340 MBPD. The pipeline is expected to be completed by the third quarter of 2013.

Red River Gathering Pipeline

On October 20, 2011, we announced that we had entered into a long-term, fee-based agreement with XTO Energy, a subsidiary of ExxonMobil, to provide natural gas gathering, processing and transportation services from both the

Woodford and Barnett Shale regions. To facilitate this arrangement, we will construct a 117-mile, 24- and 30-inch natural gas gathering pipeline, which we refer to as the Red River Gathering

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Pipeline, from the Woodford Shale in Oklahoma to our existing gathering and processing infrastructure in the Barnett Shale. As part of the project, we also will construct a new 200 MMcf/d cryogenic processing plant at our Godley processing facility in Johnson County, Texas. The Red River Gathering Pipeline will originate in Carter County, Oklahoma and will have an initial capacity of 450 MMcf/d, with anticipated capacity expansion exceeding 550 MMcf/d. The pipeline is expected to be in service by the fourth quarter of 2012. The new processing plant will increase our processing capacity at Godley from 500 MMcf/d to 700 MMcf/d and is expected to be in service by the third quarter of 2013.

Propane Business Contribution

On October 15, 2011, we entered into an agreement with AmeriGas to contribute our propane operations, consisting of Heritage Operating, L.P. and Titan Energy Partners, L.P., which we refer to collectively as the Propane Business, to AmeriGas in exchange for consideration of approximately \$2.9 billion. The consideration consists of \$1.5 billion in cash and common units of AmeriGas valued at \$1.32 billion at the time of the execution of the agreement, plus the assumption of certain liabilities of the Propane Business. We collectively refer to the contribution of the Propane Business to AmeriGas and the receipt of the cash and equity consideration as the Propane Business Contribution.

Consummation of the Propane Business Contribution is subject to customary conditions, including, without limitation, (i) the expiration or early termination of the waiting period applicable to the consummation of the Propane Business Contribution under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (ii) the absence of any law, order or injunction prohibiting the Propane Business Contribution; and (iii) the increase in the amount of loan commitments under AmeriGas's credit facility to a maximum aggregate amount of \$500 million and the approval of certain other amendments to its revolving credit agreement. AmeriGas's obligation to consummate the Propane Business Contribution is also conditioned on AmeriGas obtaining debt financing in an amount not less than the cash portion of the contribution consideration on certain agreed upon terms. AmeriGas is also not required to consummate the Propane Business Contribution until after completion of a marketing period for such debt financing. AmeriGas's ability to consummate the debt financing will be subject to market and other conditions at the time of such offering and there can be no assurance that AmeriGas will be able to secure the debt financing in accordance with terms at least as favorable to AmeriGas as such agreed upon terms or at all. Subject to such conditions, the Propane Business Contribution is expected to close in late 2011 or early 2012.

One of our closing deliverables under the agreement is that we enter into and deliver a support agreement with AmeriGas that we will provide contingent, residual support of senior notes issued by AmeriGas to finance the cash portion of the purchase price. The support agreement will incorporate by reference certain covenants for our benefit contained in the indenture governing outstanding series of AmeriGas's senior notes, which include items limiting liens, additional indebtedness, sale and leaseback transactions, and asset sales, among other restrictions. For additional detail regarding the support agreement and other aspects of the Propane Business Contribution, please read our Current Report on Form 8-K filed with the SEC on October 18, 2011, which is incorporated herein by reference.

Amendment and Restatement of Revolving Credit Facility

On October 27, 2011, we amended and restated our revolving credit facility to, among other things, (i) allow for borrowings of up to \$2.5 billion; (ii) extend the maturity date from July 20, 2012 to October 27, 2016 (which may be extended by one year with lender approval); (iii) allow for an increase in the size of the credit facility to \$3.75 billion (subject to obtaining lender commitments for the additional borrowing capacity); and (iv) to adjust the interest rates and commitment fees to current market rates. Under the amended and restated credit facility and based on our current ratings, the interest margin for LIBOR rate loans is 1.50% and the commitment fee is 0.25%.

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Cash Distribution for Third Quarter

We declared a cash distribution for the third quarter of 2011 of \$0.89375 per unit, or \$3.575 per unit on an annualized basis. The cash distribution will be paid on November 14, 2011 to unitholders of record as of November 4, 2011. Purchasers of the common units in this offering will not be entitled to this quarterly cash distribution.

Our Principal Executive Offices

We are a limited partnership formed under the laws of the State of Delaware. Our executive offices are located at 3738 Oak Lawn Avenue, Dallas, Texas 75219. Our telephone number is (214) 981-0700. We maintain a website at <http://www.energytransfer.com> that provides information about our business and operations. Information contained on this website, however, is not incorporated into or otherwise a part of this prospectus supplement or the accompanying prospectus.

Our Organizational Structure

As a limited partnership, we are managed by our general partner, Energy Transfer Partners GP, L.P., which in turn is managed by its general partner, Energy Transfer Partners, L.L.C. Energy Transfer Partners, L.L.C. is ultimately responsible for the business and operations of our general partner and conducts our business and operations, and the board of directors and officers of Energy Transfer Partners, L.L.C. make decisions on our behalf.

The chart on the following page depicts our organizational structure and ownership of us after giving effect to this offering (assuming no exercise of the underwriters' option to purchase additional common units and that the general partner does not make a capital contribution to maintain its current approximate 1.6% general partner interest).

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Energy Transfer Partners Ownership and Organizational Chart

Ownership of Energy Transfer Partners as of November 4, 2011 after giving effect to this offering, assuming no exercise of the underwriters' option to purchase additional common units

Public common units	76.3%
General partner interest (1)	1.5%
Common units owned by Energy Transfer Equity	22.2%
	100.0%

- (1) Assumes that the general partner does not make a capital contribution to maintain its current general partner interest following the offering.
- (2) Includes approximately 625,000 common units owned by management of Energy Transfer Partners, L.P.

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The Offering

Common units offered	<p>13,250,000 common units</p> <p>15,237,500 common units if the underwriters exercise in full their option to purchase additional common units.</p>
Units outstanding after this offering	<p>222,842,014 common units, or 224,829,514 common units if the underwriters exercise in full their option to purchase an additional 1,987,500 common units.</p>
Use of proceeds	<p>We will receive net proceeds of approximately \$573.6 million from the sale of the 13,250,000 common units offered hereby, after deducting underwriting discounts and commissions and estimated offering expenses. We will use the net proceeds from this offering and from the underwriters exercise of their option to purchase additional common units, if any, to repay amounts outstanding under our amended and restated revolving credit facility, to fund capital expenditures related to pipeline construction projects and for general partnership purposes. Please read Use of Proceeds.</p>
Cash distributions	<p>Under our partnership agreement, we must distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner. We refer to this cash as available cash, and we define its meaning in our partnership agreement. We declared a quarterly cash distribution for our third quarter of 2011 of \$0.89375 per common unit, or \$3.575 on an annualized basis. We will pay this cash distribution on November 14, 2011 to unitholders of record at the close of business on November 4, 2011. Purchasers of the common units in this offering will not be entitled to this quarterly cash distribution. Please read Cash Distribution Policy beginning on page S-25 for more information.</p>
Limited call right	<p>If at any time our general partner and its affiliates own more than 80% of our outstanding common units, our general partner has the right, but not the obligation, to purchase all of the remaining common units at a price not less than the then-current market price of the common units. Management and other affiliates of our general partner will own approximately 23% of our common units after this offering.</p>
Limited voting rights	<p>Our general partner manages and operates us. Unlike the holders of common stock in a corporation, you will have only limited voting rights on matters affecting our business. You will have no right to elect our general partner or its officers or directors. Our general partner may not be removed except by a vote of the holders of at least 662/3% of the outstanding units, including units owned by our general partner and its affiliates, voting together as a single class. Management and other affiliates of our general partner will own approximately 23% of our outstanding common units after this offering.</p>

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Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through December 31, 2014, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 20% of the cash distributed to you with respect to that period. Please read "Material Tax Considerations" in this prospectus supplement for the basis of this estimate.
Material tax consequences	For a discussion of other material federal income tax considerations that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read "Material Federal Income Tax Considerations" in the accompanying prospectus.
Exchange listing	Our common units are traded on the New York Stock Exchange under the symbol "ETP."
Risk factors	There are risks associated with this offering and our business. You should consider carefully the risk factors beginning on page S-12 of this prospectus supplement and beginning on page 4 of the accompanying prospectus and the other risks identified in the documents incorporated by reference herein before making a decision to purchase common units in this offering.

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RISK FACTORS

An investment in our common units involves risk. You should carefully read and consider each of the following risk factors and the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011, together with all of the other information included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, before investing in our common units.

Our acquisition of the 50% interest in Citrus Corp. is subject to the satisfaction of certain conditions to closing, one of which is the completion of the merger of SUG and a subsidiary of ETE.

Our acquisition of the 50% interest in Citrus Corp. currently owned by SUG is subject to the satisfaction of certain conditions to closing, including the absence of a material adverse change to the business or results of operations of Citrus Corp. subsequent to January 1, 2012, the receipt of necessary governmental approvals and the completion of the merger of SUG and a wholly-owned subsidiary of ETE. The completion of the merger of SUG and the subsidiary of ETE is subject to the approval of the SUG stockholders, the absence of a material adverse change to the business or results of operation of ETE and SUG, the receipt of necessary regulatory approvals and the satisfaction or waiver of other conditions specified in the SUG Merger Agreement. Another party has expressed public interest in completing a transaction with SUG similar to the SUG Merger and may be prepared to pay consideration to the stockholders of SUG in an amount greater than ETE is willing to pay, which could delay or prevent the stockholders of SUG from approving the SUG Merger. In the event those conditions to closing are not satisfied or waived, we would not complete the acquisition of the 50% interest in Citrus Corp. currently owned by SUG.

Any acquisition we complete, including the Citrus Acquisition, is subject to substantial risks that could adversely affect our financial condition and results of operations and reduce our ability to make distributions to unitholders.

Any acquisition we complete, including the proposed Citrus Acquisition, involves potential risks, including, among other things:

the validity of our assumptions about revenues, capital expenditures and operating costs of the acquired business or assets, as well as assumptions about achieving synergies with our existing businesses;

a significant increase in our interest expense and financial leverage resulting from any additional debt incurred to finance the acquisition consideration, which could offset the expected accretion to our unitholders from such acquisition and could be exacerbated by volatility in the credit or debt capital markets;

a failure to realize anticipated benefits, such as increased distributable cash flow per unit, enhanced competitive position or new customer relationships;

a decrease in our liquidity by using a significant portion of our available cash or borrowing capacity to finance the acquisition;

difficulties operating in new geographic areas or new lines of business;

the incurrence or assumption of unanticipated liabilities, losses or costs associated with the business or assets acquired for which we are not indemnified or for which the indemnity is inadequate;

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the inability to hire, train or retrain qualified personnel to manage and operate our growing business and assets, including any newly acquired business or assets;

the diversion of management's attention from our existing businesses; and

the incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

If we consummate future acquisitions, our capitalization and results of operations may change significantly. As we determine the application of our funds and other resources, unitholders will not have an opportunity to evaluate the economics, financial and other relevant information that we will consider.

Also, our reviews of businesses or assets proposed to be acquired are inherently incomplete because it generally is not feasible to perform an in-depth review of businesses and assets involved in each acquisition given time constraints imposed by sellers. Even a detailed review of assets and businesses may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the assets or businesses to fully assess their deficiencies and potential. Inspections may not always be performed on every asset, and environmental problems are not necessarily observable even when an inspection is undertaken.

The completion of the Citrus Acquisition will require us to obtain debt or equity financing, or a combination thereof, which may not be available to us on acceptable terms, or at all.

The Citrus Merger Agreement requires that we pay \$1.895 billion to ETE as cash consideration for the interest in Citrus Corp. We plan to fund this cash payment initially with borrowings under our amended and restated revolving credit facility, the issuance of debt securities in the public or private markets or a combination thereof. The incurrence of this additional indebtedness will increase our overall level of debt and adversely affect our ratios of total indebtedness to EBITDA and EBITDA to interest expense, both on a current basis and a pro forma basis taking into account our acquisition of the 50% interest in Citrus Corp. We cannot be certain that we will be able to issue debt securities on terms satisfactory to us, or at all. If we are unable to finance the cash portion of the consideration for the Citrus Acquisition with borrowings under our amended and restated revolving credit facility or through the issuance of debt securities in the public or private markets, we could be required to seek alternative financing, the terms of which may not be attractive to us, or we may be unable to fulfill our obligations under the Citrus Merger Agreement.

Pending litigation against ETE and SUG could result in an injunction preventing completion of the SUG Merger, thereby preventing completion of the Citrus Acquisition.

In connection with the SUG Merger, purported stockholders of SUG have filed several stockholder class action lawsuits against ETE, SUG, and the SUG Board of Directors in the District Courts of Harris County, Texas and in the Delaware Courts of Chancery. Among other remedies, the plaintiffs seek to enjoin the SUG Merger. If a final settlement is not reached, or if a dismissal is not obtained, these lawsuits could prevent or delay completion of the SUG Merger, which in turn could prevent or delay the completion of the Citrus Acquisition. Additional lawsuits may be filed against ETE and/or SUG related to the SUG Merger.

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USE OF PROCEEDS

We will receive net proceeds of approximately \$573.6 million from the sale of the 13,250,000 common units we are offering, after deducting underwriting discounts and commissions and estimated offering expenses.

respect to such discount. The Board will continue to consider, as it has in the past, repurchases of the Fund's shares on the open market or tender offers to the Fund's shareholders when the shares are trading at a discount from net asset value. In this regard, the Fund completed its most recent open market share repurchase program in the first quarter of 2005. The Fund cannot predict whether any open market repurchases or tender offer purchases of its shares made while the Fund is a closed-end investment company would decrease the discount from net asset value. To the extent that the average discount from net asset value is decreased below the 10% Threshold for a fiscal year because of open market repurchases or tender offer purchases or otherwise, the Fund would not be required to submit to its shareholders the Conversion Proposal with respect to any such fiscal year.

If the Fund's shares continue to trade at an average discount from net asset value in excess of the 10% Threshold in any future fiscal year as determined in accordance with the Fund's Articles of Incorporation, the Board of Directors and the Fund's shareholders will again have the opportunity to consider converting the Fund to an open-end fund. Pursuant to the Articles of Incorporation, a subsequent Conversion Proposal with respect to such fiscal year will be submitted to shareholders for their consideration.

Certain of the factors considered by the Board in making its recommendation are discussed in greater detail below.

COMPARISON OF OPEN-END FUND AND CLOSED-END FUND CHARACTERISTICS

The Fund is currently a closed-end fund. As such, it does not redeem its outstanding shares or engage in the continuous sale of new shares, and thus the Fund operates with a relatively fixed capitalization. The Fund's shares are principally traded on the NYSE at prevailing market prices, which may be equal to, less than or more than net asset value. By contrast, open-end funds, commonly referred to as mutual funds, issue redeemable securities with respect to which, traditionally, no secondary trading market has been permitted to develop. Except during periods when the NYSE is closed or trading thereon is restricted, or when redemptions may otherwise be suspended in an emergency as permitted by the Act, the holders of these redeemable securities have the right to surrender them to the mutual fund and obtain in return their proportionate share of the fund's net asset value per share at the time of redemption (less any redemption fee charged by the fund or contingent deferred sales charge imposed by the fund's distributor). In addition, most mutual funds continuously offer new shares to investors at a price based upon the shares' net asset value per share at the time of issuance.

POTENTIAL OPEN-END FUND DISADVANTAGES

(1) **IMPACT ON PORTFOLIO MANAGEMENT.** While the portfolio assets of closed-end funds can be fully invested, open-end funds are subject to periodic inflows and outflows of cash that can complicate portfolio management, and can reduce investment performance. In particular, open-end funds may be subject to pressure to sell portfolio securities at disadvantageous times in order to satisfy redemption requests. In addition, the ability of open-end funds to invest 100% of the fund's assets in portfolio securities may be limited because of the need to maintain cash reserves to provide for shareholder redemptions in uncertain amounts. The level of redemptions may be particularly high immediately following conversion to open-end status and therefore, initially, the Fund may be required to maintain substantial cash reserves. Also, although the ability of open-end funds to sell shares at any time (resulting from their being priced at net asset value per share) may produce certain efficiencies, it is

also often the case that large net purchases occur around market highs and net redemptions around market lows, which may be inopportune times to invest or liquidate portfolio positions, respectively. In a falling market situation, for example, redemptions increase and liquidations in the open-end fund portfolio must increase to meet those redemptions. If cash reserves, temporary investments and borrowings are exhausted, the result may be that more liquid securities will be sold, leaving the open-end fund with the less-liquid securities in the fund's portfolio which are not as well suited to meeting future redemptions or changes in investment strategy. Open-end investment companies generally may not invest more than 15% of their assets in illiquid securities and are more limited than closed-end funds in their ability to use leverage. If the Fund were to convert to an open-end fund, these restrictions could limit the Fund's ability to fully implement its new investment objective and investment policies approved by shareholders at the Fund's 2005 annual meeting of shareholders.

(2) EFFECT OF REDEMPTIONS. Substantial redemptions could result in an increase in the Fund's expense ratio. In particular, a reduction in size of the Fund would result in the fixed expenses of the Fund being spread over a smaller asset base, thereby increasing the per-share effect of those expenses. Significant redemptions could also increase the Fund's portfolio turnover rate above its normal levels, thereby increasing Fund expenses. Closed-end funds typically experience net redemptions immediately after conversion to open-end status, although the potential redemption fee mentioned below may reduce the number of redemptions that would otherwise occur.

These redemptions could reduce the Fund to a smaller size than is economically viable. If the Fund decreased in size, the expense ratio may increase because the cost of many services may remain the same although the size of the Fund will have decreased. Of course, if the size of the Fund increases, the Fund's expense ratio may be reduced.

Since conversion of the Fund to an open-end investment company could result in substantial redemptions, maintaining the Fund as a closed-end fund could be beneficial to the Adviser because the Adviser's investment management fee is based on the asset level of the Fund.

(3) DISTRIBUTION COSTS. If the Fund converts to open-end status, it will need to have an effective distribution system in place in order to avoid erosion in its asset base through redemptions. The distribution and marketing of open-end funds involve additional costs. These costs may be paid either by purchasers (in the case of a front-end sales charge) or by current shareholders (in the case of a plan of distribution adopted under Rule 12b-1 (a 12b-1 Plan), which would require approval by shareholders). If the Conversion Proposal is approved by shareholders, the Board may consider the implementation of a 12b-1 Plan providing for distribution-related payments by the Fund at an annual rate of up to 0.75% of the Fund's average net assets. Redemption fees and contingent deferred sales charges may also be employed.

(4) ADDITIONAL COSTS OF OPERATING AN OPEN-END FUND. Open-end funds are generally more expensive to operate and administer than closed-end funds. The Fund's per-share expense ratio would likely increase for the reasons mentioned above under Effect of Redemptions and Distribution Costs. If the Fund's assets remain unchanged, and assuming Rule 12b-1 fees at an annual rate of 0.25% of the Fund's average net assets (the imposition of which would require shareholder approval) and other expenses commensurate with those of other open-end funds in the TCW family, management estimates that the Fund's per-share expense ratio would increase from its current level of 0.85% to 1.10% and, assuming the same distribution and transfer agent

expenses, in the event of a 25%, 35%, 45% or 55% decrease in average net assets, the Fund's per-share expense ratio would increase to 1.25%, 1.30%, 1.37% and 1.46%, respectively. Any increase in the Fund's per-share expense ratio could be temporary if the Fund were subsequently successful in selling additional shares and increasing its average net assets. If the Board of Directors were to approve a redemption fee, any such redemption fee imposed by the Fund could discourage redemptions by short-term investors. Neither the Fund nor the Adviser has any way of accurately predicting the precise level of shareholder redemption activity, if any, should the Fund convert to open-end status.

(5) TAXES/CAPITAL GAINS. If the Fund were to experience substantial redemptions of its shares following the conversion to an open-end investment company, it would likely be required to sell portfolio securities. If the Fund's basis in the portfolio securities sold is less than the sale price obtained, net capital gain may be realized. U.S. tax law imposes both an income tax and an excise tax on net capital gain realized by closed-end and open-end funds unless the fund distributes net capital gain to all shareholders, in which case the shareholders would be subject to tax on such gain. However, any such taxable gains realized by the Fund (including taxable gains realized by the Fund following any conversion to an open-end fund) would be offset, in whole or in part, by any existing capital loss carryover which, to the extent of such offset, would reduce the capital gain distributed to, and recognized by, shareholders. As of December 31, 2005, the Fund had \$2,637,370 in unrealized capital gains, and had capital loss carryforwards of \$18,716,120, \$61,853,273, and \$10,749,289 expiring in 2009, 2010 and 2011, respectively, which may be used to offset future capital gains. If the Fund were to open-end and redemptions required the Fund to sell portfolio securities that resulted in taxable gains, the Fund's capital loss carryovers may need to be used to offset such gains. However, if the Fund remains a closed-end fund, the capital loss carryovers may be used in the ordinary course for the benefit of shareholders, and the Fund would not be forced to realize capital gains as a result of redemptions. Neither the Fund nor the Adviser has any way of accurately predicting the precise level of shareholder redemption activity, if any, and the resulting tax consequences should the Fund convert to open-end status.

(6) REINVESTMENT OF DIVIDENDS AND DISTRIBUTIONS. Like the plans of many other closed-end funds, the Fund's Dividend Reinvestment Plan (the "Plan") permits shareholders to elect to reinvest their dividends and distributions on a different basis than would be the case if the Fund converted to an open-end investment company. Currently, if the Fund's shares are trading at a discount from net asset value per share, the agent for the Plan will attempt to buy as many of the shares as are needed for this purpose on the NYSE or elsewhere. This permits a reinvesting shareholder to benefit by purchasing additional shares at a discount, and this buying activity may tend to lessen any discount. If the Fund's shares are trading at a premium, reinvesting shareholders are issued shares at the higher of net asset value or 95% of the market price. This method of reinvestment of dividends and distributions is an advantage that is not offered by open-end investment companies, which reinvest dividends or distributions at net asset value per share. Consequently, participants in the Plan would lose the compounding benefit of reinvesting their distributions at a price below net asset value per share (when Fund shares are trading at a discount) and, thereby, the opportunity to realize a profit (to the extent that Fund shares subsequently trade at a lower discount or at a premium). The positive result of reinvesting at a price below net asset value per share can be significant, particularly given the compounding effect over time.

(7) CONVERSION COSTS. The process of converting the Fund to an open-end fund would involve additional printing, securities registration, legal, other professional costs and other expenses of establishing a new structure. These costs, many of which would be non-recurring, include costs associated with the preparation of a

registration statement and prospectus as required by federal securities laws and the payment of fees in connection with notice filings under state securities laws. The Fund estimates that these costs, which would be paid by the Fund, would be at least \$150,000.

(8) DE-LISTING FROM NYSE. The Fund's shares are currently listed on the NYSE. A listing on a U.S. stock exchange, and in particular the NYSE, may be beneficial, especially in terms of attracting non-U.S. investors. In addition, certain investors may have internal restrictions on the amount of their portfolio which can be invested in non-listed securities. Due to their redemption features, open-end funds are not traded on exchanges. Conversion to an open-end fund would require immediate de-listing of the Fund from the NYSE, and thus any advantage related to being listed on the NYSE would be lost.

In addition, the Fund is currently exempt from state securities regulation because of its NYSE listing. Upon de-listing, the Fund would be required to make state notice filings and pay state fees. The Fund would thus save the annual NYSE fees of \$70,000, but would as a result of de-listing have to pay state blue sky fees, depending on the channel of distribution of the Fund's shares.

(9) EXPECTATIONS OF SHAREHOLDERS. The Fund was organized in the closed-end structure and has operated as such since its inception in 1987. The Board of Directors and the Adviser believe that given the consistent operation of the Fund in the closed-end structure for over 19 years, the shareholder base of the Fund has chosen to invest in the Fund on the basis of this structure, and that the significant changes to the Fund that would be necessitated by the conversion to open-end status, and the potential consequences of these changes, as discussed above, would at this time not be consistent with these expectations.

POTENTIAL OPEN-END FUND ADVANTAGES

(1) REDEEMABILITY OF SHARES; ELIMINATION OF DISCOUNT. Shareholders of an open-end fund have the right to redeem their shares at any time (except in certain circumstances as authorized by the Act, at the net asset value per share of such shares (less any applicable redemption or contingent deferred sales charges)). The ability to obtain net asset value per share for their shares will constitute an immediate benefit to shareholders of the Fund to the extent that shares are trading at a discount to net asset value. While shareholders in a closed-end fund generally pay a brokerage commission when they buy or sell the closed-end fund shares on a stock exchange, shareholders in open-end funds do not incur a brokerage commission when they purchase or redeem their shares, although redemption fees and/or contingent deferred sales charges may apply. Contingent deferred sales charges would only be applicable to new shares sold by the Fund after conversion to open-end status.

(2) SHAREHOLDER SERVICES. Open-end funds typically provide more services to shareholders than closed-end funds. One service that is frequently offered by open-end funds is an exchange privilege which enables shareholders to transfer their investment from one fund into another fund which is part of a family of open-end funds, at little or no cost to shareholders. This permits the exchange of shares at relative net asset value per share when the holder's investment objectives change. Other services that could be offered include use of the Fund by retirement plans and permitting purchases and sales of shares in convenient amounts. There are, of course, additional costs for these services, some of which might need to be borne by the Fund, which must be weighed against the anticipated benefit of the particular service. There can be no assurance that any such services would be made available to Fund shareholders if the Conversion Proposal were approved.

(3) **RAISING CAPITAL.** A closed-end fund trading at a discount may not be able to raise capital through share sales (other than through a rights offering) when it believes further investment would be advantageous, because the Act restricts the ability of a closed-end fund to sell its shares at a price below net asset value. Open-end funds, on the other hand, are priced at net asset value and therefore can sell additional shares at any time. This ability to raise new money can achieve greater economies of scale and improve investment management although this assumes a functioning share distribution network, and cash inflows may not occur at the most opportune times (although open-end funds have the option to close to new investors).

(4) **ELIMINATION OF ANNUAL SHAREHOLDER MEETINGS.** As a closed-end fund listed on the NYSE, the Fund is subject to NYSE rules requiring annual meetings of shareholders. Unlike the Fund, open-end funds are not required to hold annual shareholder meetings, except in special circumstances where shareholder approval is required under the Act. This would result in some cost savings to the Fund.

MEASURES TO BE ADOPTED IN THE EVENT THE FUND BECOMES AN OPEN-END FUND

If the Shareholders vote to convert the Fund to an open-end fund, the Board of Directors may take the following actions. As of the date of this Proxy Statement, the Board has not made any determination with respect to any of the items discussed below except to recommend that shareholders vote **Against** the Conversion Proposal.

(1) **REDEMPTION FEE.** In order to reduce the number of redemptions of the Fund's shares immediately following conversion (thereby reducing any disruption of the Fund's normal portfolio management), offset the brokerage and other costs of such redemptions and address any abuses associated with short-term trading, the Board of Directors may decide that the Fund should impose a fee, to be retained by the Fund, of up to 2% of the redemption proceeds payable by the Fund on all redemptions. If a redemption fee were approved by the Board, the Board would determine the amount of the fee, any holding period, and the extent to which existing shareholders at the time the Fund converts to open-end status are subject to the redemption fee. The Board would also consider whether to pay for redeemed shares partly or entirely in portfolio securities.

In addition, in order to reduce administrative burdens incurred in monitoring numerous small accounts, the Fund would likely require that an initial investment in Fund shares be in a minimum amount.

(2) **UNDERWRITING AND DISTRIBUTION.** If the shareholders vote to convert the Fund to an open-end investment company, the Board of Directors would consider whether to select a distributor of the Fund's shares. Fund shares could be offered and sold directly by the Fund itself, by a distributor and by any other broker-dealers who enter into selling agreements with the distributor. TCW Brokerage Services (TCW Brokerage), an affiliate of the Adviser, currently serves as distributor for the open-end mutual funds managed by the Adviser. However, the Fund has engaged in no discussions with TCW Brokerage or other prospective distributors, and there can be no assurance regarding whether satisfactory arrangements with a distributor would be achieved. The Board of Directors reserves the right to cause the Fund to enter into a distribution agreement with a distributor in such form and subject to such conditions as the Board of Directors deems desirable. If a distributor were selected, there could be no assurance that any distribution network would be able to generate sufficient sales of Fund shares to offset redemptions, particularly in the initial months following conversion.

(3) EFFECT ON THE FUND'S ARTICLES OF INCORPORATION. If the Conversion Proposal is approved by shareholders, the Fund's Articles of Incorporation will be amended and restated in their entirety to reflect the change in the Fund's sub-classification under the Act from a closed-end investment company to an open-end investment company. A copy of the proposed form of Articles of Amendment and Restatement of the Fund's Articles of Incorporation (New Articles of Incorporation) is attached hereto as Appendix A. Among other things, the New Articles of Incorporation provide: that the Fund will conduct and carry on the business of an open-end investment company, and that the Fund's common stock will be redeemable at the option of shareholders; that the Board will have the authority to create classes of shares, to increase the number of shares of any class, to reclassify unissued shares, and to redesignate issued shares (provided that such redesignation does not affect the preferences or certain rights of such shares), in each case without the consent of shareholders; that the Board will have the right to set standards for redemption (including the ability to impose redemption fees or other charges); that the Fund will not be required to hold annual shareholder meetings; the manner in which the Fund's net asset value is calculated; and that the Board may redeem the shares of a shareholder under various circumstances (including if the net asset value of the shares held by any shareholder is less than a minimum amount).

The 10% Threshold provision has been removed from the New Articles of Incorporation, and provisions in the current Articles of Incorporation requiring a super-majority vote for certain mergers and consolidation involving the Fund and the dissolution or sale of all or substantially all of the assets of the Fund have also been removed. The New Articles of Incorporation will enable such matters to be approved by a majority of the outstanding shares of the Fund or, in certain cases, by the Board of Directors without shareholder approval. Similar to the current Articles of Incorporation, the New Articles of Incorporation will provide for the indemnification of the Fund's officers and directors to the fullest extent permitted under Maryland law and the 1940 Act, including the advance of expenses under procedures provided by such laws. This summary is qualified in its entirety by reference to Appendix A.

(4) TIMING. If the Conversion Proposal is approved by shareholders, a number of steps would be required to implement such conversion, including the preparation, filing and effectiveness of a registration statement under the Securities Act of 1933 covering the offering of Fund shares, the establishment of distribution arrangements, and the negotiation and execution of a new or amended agreement with the Fund's transfer agent. The Fund anticipates that such conversion would become effective by March 31, 2007, although there is no assurance of this, and that the discount, if any, at which the Fund's shares trade in relation to their net asset value would be reduced in anticipation of the ability to redeem shares at net asset value upon the completion of the conversion. The New Articles of Incorporation would not be filed until the Fund's registration statement under the Securities Act of 1933 covering the offering of the Fund's shares has become effective.

(5) SHAREHOLDER APPROVAL OF CERTAIN ITEMS. Should the Fund convert to an open-end investment company, certain aspects of the operation of the Fund subsequent to its conversion may need to be approved by the Fund's shareholders, and the Fund expects that a special meeting of shareholders would be scheduled for that purpose as soon as practicable, to be held prior to the conversion. These matters may include, among other things, making any changes in the Fund's fundamental investment policies or investment advisory agreement considered appropriate for an open-end fund, and considering the adoption of a Rule 12b-1 Plan consistent with the system selected by the Board of Directors for future distribution of the Fund's shares. In addition, the Board of Directors may consider the advisability of a proposal to reorganize the Fund through a merger with or transfer of assets and liabilities to an existing open-end mutual fund, including a similar open-end

mutual fund managed by the Adviser, or to liquidate and dissolve the Fund. No determination has been made by the Board as to any of these matters. The manner in which these items would be proposed to shareholders would be determined by the Board of Directors in consultation with counsel.

For the foregoing reasons, the Board of Directors believes that, notwithstanding the benefit which those shareholders who would wish to redeem their shares over the short term would derive from conversion of the Fund to open-end status, it is in the best interests of the Fund and its shareholders for the Fund to remain a closed-end fund at this time.

The Fund's Board of Directors, including the Independent Directors, recommends that shareholders vote Against conversion to open-end status under Proposal 2. Signed and unmarked proxies will be so voted.

3. OTHER MATTERS

The proxy holders have no present intention of bringing before the Annual Meeting for action any matters other than those specifically referred to above, nor has the management of the Fund any such intention. Neither the proxy holders nor the management of the Fund is aware of any matters which may be presented by others. If any other business properly comes before the Annual Meeting, the proxy holders intend to vote thereon in accordance with their best judgment.

VOTING AND OTHER INFORMATION

Voting Requirements

For purposes of this Annual Meeting, a quorum is present to transact business if the holders of a majority of the outstanding shares of the Fund entitled to vote at the Annual Meeting are present in person or by proxy. For purposes of determining the presence of a quorum at the Annual Meeting, abstentions and broker non-votes (that is, proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on a particular proposal with respect to which the brokers or nominees do not have discretionary power) will be treated as shares that are present. Assuming a quorum is present, the following rules will apply to each item contained in this Proxy Statement:

- (a) *Item 1 Election of Directors.* A plurality of the votes cast at the Annual Meeting is required to elect each of the Directors.
- (b) *Item 2 Proposal Regarding Conversion to Open-End Investment Company.* The affirmative vote of holders of two-thirds of the total number of shares of Common Stock outstanding is required to adopt the proposal regarding conversion to open-end status.

For purposes of the election of Directors, abstentions will not be counted as votes cast and will have no effect on the result of the vote. Proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on Proposal 1 will be voted For that proposal. An abstention as to Proposal 2 will be treated as present and will have the effect of a vote Against that proposal. Proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on Proposal 2 will be treated as present but will not be voted with respect to Proposal 2 and will have the

effect of a vote Against Proposal 2.

Other Information

Investment Adviser: TCW Investment Management Company, 865 South Figueroa Street, Los Angeles, California 90017.

Administrator: Investors Bank & Trust Company, 200 Clarendon Street, Boston, Massachusetts 02116.

Household Mailings

The Fund reduces the number of duplicate annual and semi-annual reports and proxy statements a household receives by sending only one copy of those documents to those addresses shared by two or more accounts (unless the Fund receives contrary instructions). Write the Fund at 865 South Figueroa Street, Los Angeles, California 90017 or telephone it at 1-877-829-4768 to request individual copies of reports and proxy statements, or to request a single copy of reports and proxy statements if receiving duplicate copies. The Fund will begin sending a household single or multiple copies, as requested, as soon as practicable after receiving the request.

Corporate Governance Listing Standards

In accordance with Section 303A.12(a) of the NYSE Listed Company Manual, the Fund's Annual CEO Certification certifying as to compliance with the NYSE's corporate governance listing standards was submitted to the NYSE on August 4, 2006. In addition, on March 9, 2006, the Fund filed the required CEO/CFO certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 as an exhibit to its Form N-CSR for the year ended December 31, 2005.

Shareholder Proposals

The Fund holds annual meetings of shareholders. A shareholder's proposal intended to be presented at the Fund's 2007 annual meeting of shareholders must be received by April 25, 2007, in order to be included in the Fund's proxy statement and form of proxy relating to the meeting. Timely submission of a proposal does not, however, necessarily mean that the proposal will be included. A shareholder who wishes to make a proposal at the 2007 annual meeting of shareholders without including the proposal in the Fund's proxy statement must notify the Secretary of the Fund in writing of such proposal between June 28, 2007 and July 28, 2007. The persons named as proxies for the 2007 annual meeting of shareholders will, with respect to the proxies in effect at such meeting, have discretionary authority to vote on any matter presented by a shareholder for action at that meeting unless the Fund receives notice of the matter by July 9, 2007. If the Fund receives such timely notice, these persons will not have this authority except as provided in the applicable rules of the SEC.

Adjournment

The vote required to adjourn the Annual Meeting is a majority of all the votes cast on the matter by stockholders entitled to vote at the Annual Meeting who are present in person or by proxy. If a quorum is not present in person or by proxy at the time the Annual Meeting is called to order, the chairman of the Annual Meeting or the stockholders may adjourn the Annual Meeting. In such a case, the persons named as proxy holders will vote all proxies in favor of the adjournment. If a quorum is present but there are not sufficient votes to approve a proposal, the chairman of the Annual Meeting may, with respect to that proposal, adjourn the Annual Meeting or the persons named as proxy holders may propose one or more adjournments of the Annual Meeting to permit further solicitation of proxies. In such a case, the persons named as proxy holders will vote those proxies which they are entitled to vote in favor of the proposal **FOR** the adjournment, and will vote those proxies required to be voted against the proposal **AGAINST** the adjournment as to that proposal, and broker non-votes and abstentions will not be voted either for or against the adjournment.

By Order of the Board of Directors

PHILIP K. HOLL

Secretary

August 18, 2006

Please complete, date and sign the enclosed proxy and return it promptly in the enclosed reply envelope. NO POSTAGE IS REQUIRED if mailed in the United States. In addition to voting by mail you may also vote by telephone by calling the toll-free number that appears on the enclosed proxy card materials.

A copy of the Fund's annual report for the year ended December 31, 2005 and a copy of the Fund's most recent semi-annual report once published are available without charge upon request by writing the Fund at 865 South Figueroa Street, Los Angeles, California 90017 or telephoning it at 1-877-829-4768.

APPENDIX A

FORM OF ARTICLES OF AMENDMENT AND RESTATEMENT

The TCW Strategic Income Fund, Inc. (hereinafter called the Corporation) hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST, The text of the Articles of Incorporation of the Corporation is amended and as so amended is restated in its entirety by striking out Articles I through XI and inserting in lieu thereof the following:

FIRST: The name of the corporation (hereinafter called the Corporation) is:

TCW STRATEGIC INCOME FUND, INC.

TCW Investment Management Company (TCWMC) has consented to the use by the Corporation of the identifying name TCW which the Corporation acknowledges is the property of TCWMC. The Corporation will only use the name TCW as a component of its name and for no other purpose, and will not purport to grant to any third party the right to use the name TCW for any purpose. TCWMC may grant to others the right to use the name TCW as all or a portion of a corporate or business name or for any commercial purpose, including a grant of such right to any other investment company whether now existing or hereafter created. At the request of TCWMC, the Corporation will take such action as may be required to provide its consent to the use by TCWMC or any person to whom TCWMC has granted the right to the use of the name

TCW . Upon the termination of any investment advisory agreement into which TCWMC or any of its affiliates and the Corporation may enter, the Corporation shall, upon the request of TCWMC, cease to use the name TCW as a component of its name, and shall not use the name as a part of its name or for any other commercial purpose, and shall cause its request to effect the foregoing and to reconvey to TCW or any of its affiliates any and all rights to such name. The foregoing agreements on the part of the Corporation are hereby made binding upon it, its directors, officers, shareholders, creditors and all other persons claiming under or through it. For purposes of the paragraph, reference to TCWMC shall include any of its affiliates other than the Corporation and any successor or assignee thereof.

SECOND: The purposes for which the Corporation is formed are to conduct and carry on the business of an open-end investment company under the Investment Company Act of 1940, as from time to time amended (hereinafter, together with any rules, regulations or orders issued thereunder, referred to as the 1940 Act), and to engage in all lawful business for which corporations may be organized under the Maryland General Corporation Law.

THIRD: The Corporation is expressly empowered as follows:

(1) To hold, invest and reinvest its assets in securities and other investments and in connection therewith to hold part or all of its assets in cash.

(2) To redeem, issue and sell shares of its capital stock in such amounts and on such terms and conditions and for such purposes and for such amount or kind of consideration as may now or hereafter be permitted by law.

(3) To redeem, purchase or otherwise acquire, hold, dispose of, resell, transfer, reissue or cancel (all without the vote or consent of the shareholders of the Corporation) shares of its capital stock, in any manner and to the extent now or hereafter permitted by law and by the Charter of the Corporation (the "Charter").

(4) To enter into a written contract or contracts with any person or persons providing for a delegation of the management of all or part of the Corporation's securities portfolio and also for the delegation of the performance of various administrative or corporation functions, subject to the direction of the Board of Directors. Any such contract or contracts may be made with any person even though such person may be an officer, other employee, director or shareholder of the Corporation or a corporation, partnership, trust or association in which any such officer, other employee, director or shareholder may be interested.

(5) To enter into a written contract or contracts employing such custodian or custodians for the safekeeping of the property of the Corporation, such dividend disbursing agent or agents and such transfer agent or agents for its shares, on such terms and conditions as the Board of Directors of the Corporation may deem reasonable and proper for the conduct of the affairs of the Corporation, and to pay the fees and disbursements of such custodians, dividend disbursing agents and transfer agents out of the income and/or any other property of the Corporation. Notwithstanding any other provisions of the Charter or the Bylaws of the Corporation (the "Bylaws"), the Board of Directors may cause any or all of the property of the Corporation to be transferred to, or to be acquired and held in the name of, a custodian so appointed or any nominee or nominees of the Corporation or nominee or nominees of such custodian satisfactory to the Board of Directors.

(6) To do any and all such further acts or things and to exercise any and all such further powers or rights as may be necessary, incidental, relative, conducive, appropriate or desirable for the accomplishment, carrying out or attainment of the purposes stated in Article SECOND and the powers stated in this Article THIRD.

FOURTH: The post office address of the principal office of the Corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 300 East Lombard Street, Suite 1400, Baltimore, Maryland 21202. The name of the resident agent of the Corporation in this State is The Corporation Trust Incorporated, a corporation of this State, and the post office address of the resident agent is 300 East Lombard Street, Suite 1400, Baltimore, Maryland 21202.

FIFTH: (a) The total number of shares of stock of all classes which the Corporation has authority to issue is ten billion (10,000,000,000) shares of capital stock (par value \$.01 per share) amounting in aggregate par value to \$100,000,000. All of such shares are initially designated as Common Stock. The Board of Directors may classify and reclassify any unissued shares of capital stock into one or more classes or series as may be established from time to time by setting or changing in any one or more respects the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such shares of stock. The Board of Directors may also redesignate the issued shares of capital stock or of any class or series of capital stock provided that such redesignation does not affect the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such shares of stock, and provided further that each of the shares of capital stock outstanding as of the date hereof shall remain outstanding subject to the terms of this Amendment and Restatement.

(b) Subject to the Board of Directors' power of classification and reclassification, the following is a description of the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption of shares of capital stock of the Corporation and of any additional shares of capital stock or class or series of capital stock of the Corporation (unless provided otherwise by the Board of Directors with respect to any such additional class or series at the time of establishing and designating such additional class or series) (collectively, the Shares).

(1) **Assets Belonging to a Class or Series.** All consideration received by the Corporation from the issue or sale of shares of a particular class or series, together with all assets in which such consideration is invested or reinvested, all income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds in whatever form the same may be, shall irrevocably belong to that class or series for all purposes, subject only to the rights of creditors, and shall be so recorded upon the books of account of the Corporation. Such consideration, assets, income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds, in whatever form the same may be, together with any assets, income, earnings, profits, and proceeds thereof, funds, or payments which are not readily identifiable as belonging to any particular class or series (collectively, General Items) allocated to that class or series as provided in the following sentence, are herein referred to as assets belonging to that class or series. In the event that there are General Items, such General Items shall be allocated by or under the supervision of the Board of Directors to and among any one or more of the classes or series established and designated from time to time in such manner and on such basis as the Board of Directors, in its sole discretion, deems fair and equitable; and any General Items so allocated to a particular class or series shall belong to that class or series. Each such allocation by the Board of Directors shall be conclusive and binding for all purposes.

(2) **Liabilities Belonging to a Class or Series.** The assets belonging to each particular class or series shall be charged with the liabilities of the Corporation in respect of that class or series and all expenses, costs, charges and reserves attributable to that class or series, and any general liabilities, expenses, costs, charges or reserves of the Corporation which are not readily identifiable as belonging to any particular class or series shall be allocated and charged by or under the supervision of the Board of Directors to and among any more of the classes or series established and designated from time to time in such manner and on such basis as the Board of Directors, in its sole discretion, deems fair and equitable. The liabilities, expenses, costs, charges and reserves allocated and so charged to a class or series are herein referred to as liabilities belonging to that class or series. Each allocation of liabilities, expenses, costs, charges and reserves by the Board of Directors shall be conclusive and binding for all purposes.

(3) **Income Belonging to a Class or Series.** The Board of Directors shall have full discretion, to the extent not inconsistent with the Maryland General Corporation Law and the 1940 Act, to determine which items shall be treated as income and which items as capital; and each such determination and allocation shall be conclusive and binding. Income belonging to a class or series includes all income, earnings and profits derived from assets belonging to that class or series, less any expenses, costs, charges or reserves belonging to that class or series, for the relevant time period, all determined in accordance with generally accepted accounting principles.

(4) **Dividends.** Dividends and distributions on shares of a particular class or series may be paid with such frequency, in such form and in such amount as the Board of Directors may from time to time determine.

Dividends may be declared daily or otherwise pursuant to a standing resolution or resolutions adopted only once or with such frequency as the Board of Directors may determine, after providing for actual and accrued liabilities belonging to that class or series.

All dividends on shares of a particular class or series shall be paid only out of the income belonging to that class or series and capital gains or other distributions on shares of a particular class or series shall be paid only out of the capital gains or capital belonging to that class or series. All dividends and distributions on shares of a particular class or series shall be distributed pro rata to the holders of that class or series in proportion to the number of shares of that class or series held by such holders at the date and time of record established for the payment of such dividends or distributions, except that in connection with any dividend or distribution program or procedure, the Board of Directors may determine that no dividend or distribution shall be payable on shares as to which the shareholder's purchase order and/or payment have not been received by the time or times established by the Board of Directors under such program or procedure.

The Corporation intends to qualify as a regulated investment company under the Internal Revenue Code of 1986, or any successor or comparable statute thereto, and Regulations promulgated thereunder. Inasmuch as the computation of net income and gains for Federal income tax purposes may vary from the computation thereof on the books of the Corporation, the Board of Directors shall have the power, in its sole discretion, to distribute in any fiscal year as dividends, including dividends designated in whole or in part as capital gains distributions, amounts sufficient, in the opinion of the Board of Directors, to enable the Corporation to qualify as a regulated investment company and to avoid liability of the Corporation for Federal income tax in respect of that year. However, nothing in the foregoing shall limit the authority of the Board of Directors to make distributions greater than or less than the amount necessary to qualify as a regulated investment company and to avoid liability of the Corporation for such tax.

Dividends and distributions may be made in cash, property or additional shares of the same or another class or series, or a combination thereof, as determined by the Board of Directors or pursuant to any program that the Board of Directors may have in effect at the time for the election by each shareholder of the mode of the paying of such dividend or distribution to that shareholder. Any such dividend or distribution paid in shares shall be paid at the net asset value thereof as defined in subsection (9) below:

(5) Liquidation. In the event of the liquidation or dissolution of the Corporation or of a particular class or series, the shareholders of each class or series that has been established and designated and is being liquidated shall be entitled to receive, as a class or series, when and as declared by the Board of Directors, the excess of the assets belonging to that class or series over the liabilities belonging to that class or series. The holders of shares of any particular class or series shall not be entitled thereby to any distribution upon liquidation of any other class or series. The assets so distributable to the shareholders of any particular class or series shall be distributed among such shareholders in proportion to the number of shares of that class or series held by them and recorded on the books of the Corporation. Subject to the provisions of subsection (6) below, and without limiting, to the extent permitted by law, the authority of the Board of Directors to act without shareholder authorization, the liquidation of any particular class or series in which there are shares then outstanding may be authorized by vote of a majority of the Board of Directors then in office, subject to the approval of a majority of the outstanding securities of that class or series, as defined in the 1940 Act, and without the vote of the holders of any other class or series, and the liquidation or dissolution of a particular class or series may be accomplished, in whole or in

part, by the transfer of assets of such class or series to another class or series or by the exchange of shares of such class or series for the shares of another class or series.

(6) Termination of a Class or Series. In addition to, and not in limitation of the authorization granted in subsection (5) above, to the full extent permitted by applicable law, the Corporation may, without the vote of the shares of any class or series of capital stock of the Corporation then outstanding and if so determined by the Board of Directors:

(i) Sell and convey the assets belonging to a class or series of capital stock to another corporation or a trust that is a management investment company (as defined in the 1940 Act) and is organized under the laws of any state of the United States for consideration which may include the assumption of all outstanding obligations, taxes and other liabilities, accrued or contingent, belonging to such class or series and which may include securities issued by such trust or corporation. Following such sale and conveyance, and after making provision for the payment of any liabilities belonging to such class or series that are not assumed by the purchaser of the assets belonging to such class or series, the Corporation may, at its option, redeem all outstanding shares of such class or series at the net asset value thereof as determined by the Board of Directors in accordance with the provisions of applicable law, less such redemption fee or other charge, if any, as may be fixed by resolution of the Board of Directors. Notwithstanding any other provision of the Charter to the contrary, the redemption price may be paid in any combination of cash or other assets belonging to the class or series, including but not limited to the distribution of the securities or other consideration received by the Corporation for the assets belonging to such class or series upon such conditions as the Board of Directors deems, in its sole discretion, to be appropriate consistent with applicable law and the Charter;

(ii) Sell and convert the assets belonging to a class or series of capital stock into money and, after making provision for the payment of all obligations, taxes and other liabilities, accrued or contingent, belonging to such class or series, the Corporation may, at its option (1) redeem all outstanding shares of such class or series at the net asset value thereof as determined by the Board of Directors in accordance with the provisions of applicable law, less such redemption fee or other charge, if any, as may be fixed by resolution of the Board of Directors upon such conditions as the Board of Directors deems, in its sole discretion, to be appropriate consistent with applicable law and the Charter, or (2) combine the assets belonging to such class or series following such sale and conversion with the assets belonging to any one or more other class or series of capital stock of the Corporation pursuant to and in accordance with subsection (6)(iii) below; or

(iii) Combine the assets belonging to a class or series of capital stock with the assets belonging to any one or more other classes or series of capital stock of the Corporation if the Board of Directors reasonably determines that such combination will not have a material adverse effect on the shareholders of any class or series of capital stock of the Corporation participating in such combination. In connection with any such combination of assets the shares of any class or series of capital stock of the Corporation then outstanding may, if so determined by the Board of Directors, be converted into shares of any other class, classes, or series of capital stock of the Corporation with respect to which conversion is permitted by applicable law, or may be redeemed, at the option of the Corporation, at the next asset value thereof as determined by the Board of Directors in accordance with the provisions of applicable law, less such redemption fee or other charge, or conversion cost, if any, as may be fixed by resolution of the Board of Directors upon such conditions as the Board of Directors deems, in its sole discretion, to be appropriate consistent with applicable law and the Charter. Notwithstanding any other provision

of the Charter to the contrary, any redemption price, or part thereof, paid pursuant to this subsection (6)(iii) may be paid in shares of any other existing or future class, classes or series of capital stock of the Corporation.

(7) Redemption by Shareholder. Each holder of shares of a particular class or series shall have the right to require the Corporation to redeem all or any part of his shares of that class or series at a redemption price per share equal to the net asset value per share of that class or series next determined (in accordance with subsection (9)) after the shares are properly tendered for redemption, less such deferred sales charge or redemption charge, if any, as is determined by the Board of Directors, which redemption charge shall not exceed such amount as may be permissible under the 1940 Act. Payment of the redemption price shall be in cash; provided, however, that if the Board of Directors determines, which determination shall be conclusive, that conditions exist which make payment wholly in cash unwise or undesirable, the Corporation may make payment wholly or partly in securities or other assets belonging to the class or series of which the shares being redeemed are part at the value of such securities or assets used in such determination of net asset value. The right of a holder of stock redeemed by the Corporation to receive dividends thereon and all other rights with respect to the shares shall terminate at the time as of which the redemption price has been determined, except the right to receive the redemption price and any dividend or distribution to which the holder had become entitled as the record holder of the shares on the record date for that dividend or distribution. The Board of Directors may establish other terms and conditions and procedures for redemption, including requirements as to delivery of certificates evidencing shares, if issued.

Notwithstanding the foregoing, the Corporation may postpone payment of the redemption price and may suspend the right of the holders of shares of any class or series to require the Corporation to redeem shares of the class or series during any period or at any time when and to the extent permissible under the 1940 Act.

(8) Redemption by Corporation. Without being subject to the provisions of section 2-310.1 of the Maryland General Corporation Law, or any amendment or successor thereto, the Board of Directors may cause the Corporation to redeem at net asset value the shares of any class or series from a holder who has, for a period of more than six months, had in his account shares of that class or series having an aggregate net asset value (determined in accordance with subsection (9)) of less than the amount fixed by the Board of Directors, provided that such amount shall not exceed the minimum initial investment amount then applicable to that account as set forth in the Corporation's registration statement under the Securities Act of 1933, as amended, if at least sixty (60) days prior written notice of the proposed redemption has been given to such holder by postage paid mail to his last known address. Upon redemption of shares pursuant to this subsection, the Corporation shall promptly cause payment of the full redemption price to be made to the holder of shares so redeemed.

(9) Net Asset Value Per Share. The net asset value per share of any class or series shall be the quotient obtained by dividing the value of the net assets of that class or series (being the value of the assets belonging to that class or series less the liabilities belonging to that class or series) by the total number of shares of that class or series outstanding, all determined by the Board of Directors in accordance with generally accepted accounting principles and not inconsistent with the 1940 Act.

The Board of Directors may determine to maintain the net asset value per share of any class or series at a designated constant dollar amount and in connection therewith may adopt procedures not inconsistent with the 1940 Act for the continuing declarations of income attributable to that class or series as dividends payable in additional shares of that class or series at the designated constant dollar amount and for the handling of any

losses attributable to that class or series. Such procedures may provide that in the event of any loss, each shareholder shall be deemed to have contributed to the capital of the Corporation attributable to that class or series his pro rata portion of the total number of shares required to be cancelled in order to permit the net asset value per share of that class or series to be maintained, after reflecting such loss, at the designated constant dollar amount. Each shareholder of the Corporation shall be deemed to have agreed, by his investment in any class or series with respect to which the Board of Directors shall have adopted any such procedure, to make the contribution referred to in the preceding sentence in the event of any such loss.

(10) **Equality.** All shares of each particular class or series shall represent an equal proportionate interest in the assets belonging to that class or series (subject to the liabilities belonging to that class or series), and each share of any particular class or series shall be equal to each other share of that class or series. The Board of Directors may from time to time divide or combine the shares of any particular class or series into a greater or less number of shares of that class or series without thereby changing the proportionate beneficial interest in the assets belonging to that class or series or in any way affecting the rights of shares of any other class or series.

(11) **Conversion or Exchange Rights.** Subject to compliance with the requirements of the 1940 Act, the Board of Directors shall have the authority to provide that holders of shares of any class or series shall have the right to convert or exchange said shares into shares of one or more other classes or series of shares in accordance with such requirements and procedures as may be established by the Board of Directors.

(12) **Fractional Shares.** The Corporation may issue and sell fractions of shares having pro rata all the rights of full shares (except any right to receive a stock certificate evidencing such fractional shares), including, without limitation, the right to vote and to receive dividends, and wherever the words share or shares are used in the Charter or in the Bylaws, they shall be deemed to include fractions or shares, where the context does not clearly indicate that only full shares are intended.

(13) **Stock Certificates.** The Corporation shall not be obligated to issue certificates representing shares of any class or series.

(c) The power of the Board of Directors to classify and reclassify any of the shares of capital stock shall include, without limitation, subject to the provisions of the Charter, authority to classify or reclassify any unissued shares of such stock into one or more classes or series of capital stock, special stock or other stock, and to subdivide and resubdivide shares of any class or series into one or more subclasses or subseries of such class or series, by determining, fixing, or altering one or more of the following:

(1) The distinctive designation of such class or series and the number of shares to constitute such class or series; provided that, unless otherwise prohibited by the terms of such or any other class or series, the number of shares of any class or series may be decreased by the Board of Directors in connection with any classification or reclassification of unissued shares and the number of shares of such class or series may be increased by the Board of Directors in connection with any such classification or reclassification, and any shares of any class or series which have been redeemed, purchased, otherwise acquired or converted into shares of capital stock of any other class or series shall become part of the authorized capital stock and shall be subject to classification and reclassification as provided in this section.

(2) Whether or not and, if so, the rates, amounts and times at which, and the conditions under which, dividends shall be payable on shares of such class or series, whether any such dividends shall rank senior or junior to or on a parity with the dividends payable on any other class or series of stock, and the status of any such dividends as cumulative, cumulative to a limited extent or non-cumulative and as participating or non participating.

(3) Whether or not shares of such class or series shall having voting rights, in addition to any voting rights provided by law and, if so, the terms of such voting rights.

(4) Whether or not shares of such class or series shall have conversion or exchange privileges and, if so, the terms and conditions thereof, including provision for adjustment of the conversion or exchange rate in such events or at such times as the Board of Directors shall determine.

(5) Whether or not shares of such class or series shall be subject to redemption and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates; and whether or not there shall be any sinking fund or purchase account in respect thereof, and if so, the terms thereof.

(6) The rights of the holders of shares of such class or series upon the liquidation, dissolution or winding up of the affairs of, or upon any distribution of the assets of, the Corporation, which rights may vary depending upon whether such liquidation, dissolution or winding up is voluntary or involuntary and, if voluntary, may vary at different dates, and whether such rights shall rank senior or junior to or on a parity with such rights of any other class or series of stock.

(7) Whether or not there shall be any limitations applicable, while shares of such class or series are outstanding, upon the payment of dividends or making of distributions on, or the acquisition of, or the use of moneys for purchase or redemption of, any stock of the Corporation, or upon any other action of the Corporation, including acting under this Section, and, if so, the terms and conditions thereof.

(8) Whether or not the assets of any class or series shall be invested in a common pool of investments with those of one or more other classes or series.

(9) Any other preferences, rights, restrictions, including restrictions on transferability, and qualifications of shares of such class or series, not inconsistent with applicable law and the Charter.

(d) Unless otherwise prohibited by law, so long as the Corporation is registered as an open-end investment company under the 1940 Act, the Board of Directors shall have the power and authority, without the approval of the holders of any outstanding shares, to increase or decrease the number of shares of capital stock or the number of shares of capital stock of any class or series that the Corporation has authority to issue.

(e) All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of the Charter and Bylaws.

(f) Any determination made in good faith by or pursuant to the direction of the Board of Directors as to the amount of the assets, debts, obligations or liabilities of the Corporation, as to the amount of any reserves or charges set up and the propriety thereof, as to the time of or purpose for creating such reserves or charges, as to the use, alternation or cancellation of any reserves or charges (whether or not any debt, obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged or shall be then or thereafter required to be paid or discharged), as to the value of or the method of valuing any investment or other asset owned or held by the Corporation, as to the number of shares of any class or series of stock outstanding, as to the income of the Corporation or as to any other matter relating to the determination of net asset value, the declaration of dividends of the issue, sale, redemption or other acquisition of shares of the Corporation, shall be final and conclusive and shall be binding upon the Corporation and all holders of its shares, past, present and future, and shares of the Corporation are issued and sold on the condition and understanding that any and all such determinations shall be binding as aforesaid.

SIXTH: The number of directors of the Corporation is currently eight, which number may be increased or decreased pursuant to the Bylaws, but shall never be less than the minimum number permitted by the General Laws of the State of Maryland now or hereafter in force. The names of the directors who are currently in office and who will serve until their successors are elected and qualified are as follows:

Samuel P. Bell

Richard W. Call

[Alvin R. Albe, Jr.]

Matthew K. Fong

John A. Gavin

Patrick C. Haden

Charles A. Parker

[William C. Sonneborn]

SEVENTH: The following provisions are hereby adopted for the purpose of defining, limiting and regulating the powers of the Corporation and of the directors and shareholders:

(1) The Board of Directors of the Corporation is hereby empowered to authorize the issuance from time to time of shares of its stock of any class or series, whether now or hereafter authorized, or securities convertible into shares of stock of any class or series, whether now or hereafter authorized, for such consideration as may be deemed advisable by the Board of Directors and without any action by the shareholders.

(2) Except as otherwise required by the 1940 Act, the Board of Directors shall have the exclusive power to make, alter, amend, or repeal the Bylaws.

(3) No holder of any stock or any other securities of the Corporation, whether now or hereafter authorized, shall have any preemptive right to subscribe for or purchase any stock or any other securities of the Corporation other than such, if any, as the Board of Directors, in its sole discretion, may determine and at such price or prices and upon such other terms as the Board of Directors, in its sole discretion, may fix; and any stock or other securities which the Board of Directors may determine to offer for subscription may, as the Board of Directors in its sole discretion shall determine, be offered to the holders of any class, series or type of stock or other securities

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at the time outstanding to the exclusion of the holders of any or all other classes, series or types of stock or other securities at the time outstanding.

(4) The Board of Directors of the Corporation shall have power from time to time and in its sole discretion to determine whether and to what extent and at what times and places and under what conditions and regulations the books, accounts and documents of the Corporation, or any of them, shall be open to the inspection of shareholders, except as otherwise provided by statute or by the Bylaws, and, except as so provided, no shareholder shall have any right to inspect any book, account or document of the Corporation unless authorized to do so by resolution of the Board of Directors.

(5) Subject only to the provisions of the 1940 Act, a contract or other transaction between the Corporation and any of its directors or between the Corporation and any other corporation, firm or other entity in which any of its directors is a director or has a material financial interest is not void or voidable solely because of any one or more of the following: the common directorship or interest; the presence of the director at the meeting of the Board of Directors or a Committee of the Board which authorizes, approves, or ratifies the contract or transaction; or the counting of the vote of the director for the authorization, approval, or ratification of the contract or transaction. This Section applies if:

(a) the fact of the common directorship or interest is disclosed or known to: (i) the Board of Directors or a Committee of the Board and the Board or Committee authorizes, approves, or ratifies the contract or transaction by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum; or (ii) the shareholders entitled to vote and the contract or transaction is authorized, approved, or ratified by a majority of the votes cast by the shareholders entitled to vote other than the votes of shares owned of record or beneficially by the interested director or corporation, firm, or other entity; or

(b) the contract or transaction is fair and reasonable to the Corporation.

Common or interested directors or the stock owned by them or by an interested corporation, firm, or other entity may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a Committee of the Board or at a meeting of the shareholders, as the case may be, at which the contract or transaction is authorized, approved, or ratified. If a contract or transaction is not authorized, approved, or ratified in one of the ways provided for in Section 5(a)(ii) of this Article, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Corporation at the time it was authorized, approved, or ratified. The procedures in this direction do not apply to the fixing by the Board of Directors of reasonable compensation for a director, whether as a director or in any other capacity.

(6) Except for contracts, transactions, or acts required to be approved under the provisions of Section (5) of this Article, any contract, transaction, or act of the Corporation or of the Board of Directors which shall be ratified by a majority of a quorum of the shareholders having voting powers at any annual meeting, or at any special meeting called for such purpose, shall so far as permitted by law be as valid and as binding as though ratified by every shareholder of the Corporation.

(7) Unless the Bylaws otherwise provide, any officer or employee of the Corporation (other than a director) may be removed at any time with or without cause by the Board of Directors or by any committee or superior officer upon whom such power of removal be conferred by the Bylaws or by authority of the Board of Directors.

(8) Notwithstanding any provision of law which provides for the authorization of any action by a greater proportion than a majority of the total number of shares of all classes or series of capital stock (or of any class or series entitled to vote thereon as a separate class or series) or of the total number of shares of any class or series of capital stock, such action shall be valid and effective if authorized by the affirmative vote of the holders of a majority of the total number of shares of all classes or series outstanding and entitled to vote thereon or of the class or series entitled to vote thereon as a separate class or series, as the case may be, except as otherwise provided in the Charter.

(9) The Corporation shall indemnify: (a) its directors to the full extent permitted by the general laws of the State of Maryland and the 1940 Act, including the advance of expenses under the procedures provided by such laws; (b) its officers to the same extent it shall indemnify its directors; and (c) its directors and officers to such further extent as shall be authorized by the Board of Directors by bylaw, resolution, or agreement or by the shareholders of the Corporation and be consistent with law. The foregoing shall not limit the authority of the Corporation to indemnify other employees and agents consistent with law. The foregoing shall not be exclusive of any other rights to which a person seeking indemnification may be entitled under any insurance policy, agreement or otherwise and shall inure to the benefit of the heirs, executors and personal representatives of such person. No amendment to the Charter or repeal of any of its provisions shall affect any right of any person under this provision based on any act or omission that occurred prior to the amendment or repeal.

(10) The Corporation reserves the right from time to time to make any amendments of its Charter which may now or hereafter be authorized by law, including any amendments changing the terms or contract rights, as expressly set forth in its Charter, of any of its outstanding stock by classification, reclassification or otherwise.

(11) So long as the Corporation is registered as an investment company under the 1940 Act, the Corporation shall not be required to hold an annual meeting of the holders of shares of any class or series in any year in which the election of directors is not required to be acted on by the shareholders under the 1940 Act.

(12) To the fullest extent permitted by Maryland statutory or decisional law, as amended or interpreted, no director or officer of this Corporation shall be personally liable to the Corporation or its shareholders for money damages. This limitation on liability applies to events occurring at the time a person serves as a director or officer of the Corporation regardless of whether or not such person is a director or officer at the time of any proceeding in which liability is asserted. No amendment of the Charter or repeal of any of its provisions shall limit or eliminate the benefits provided to directors or officers under this provision with respect to any act or omission which occurred prior to such amendment or repeal. This Section (12) shall not protect any director or officer of this Corporation against any liability to the Corporation or to its security holders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office within the meaning of Section 17(h) of the 1940 Act.

The enumeration and definition of particular powers of the Board of Directors included in the foregoing shall in no way be limited or restricted by reference to or interference from the terms of any other clause of this or any other Article of the Charter, or construed as or deemed by inference or otherwise in any manner to exclude or limit any powers conferred upon the Board of Directors under the General Laws of the State of Maryland now or hereafter in force.

EIGHTH: The duration of the Corporation shall be perpetual.

SECOND, The Corporation desires to amend and restate its Articles of Incorporation as currently in effect. The provisions set forth in these Articles of Amendment and Restatement are all of the provisions of the Articles of Incorporation currently in effect as herein amended. The current address of the principal office of the Corporation, and the name and address of the Corporation's current resident agent are as set forth in fourth clause of the Articles of Incorporation. The number of directors is currently set at eight and their names are set forth in the sixth clause of the Articles of Amendment and Restatement. Prior to this Amendment and Restatement, the Corporation had authority to issue Seventy-Five Million (75,000,000) shares, of the par value of one cent (\$0.01) per share and of the aggregate par value of Seven Hundred Fifty Thousand Dollars (\$750,000), all of which shares are designated as common stock. The total number of shares of capital stock which the Corporation will have the authority to issue is Ten Billion (10,000,000,000) shares, of the par value of one cent (\$0.01) per share and of the aggregate par value of One Hundred Million Dollars (\$100,000,000), all of which shares are designated as common stock.

THIRD, The Amendment and Restatement of the Articles of Incorporation of the Corporation as hereinabove set forth has been duly advised by the Directors of the Corporation and approved by the stockholders pursuant to the Maryland General Corporation Law and the Charter.

FOURTH, These Articles of Amendment and Restatement shall become effective on •, 2006, at [a.m./p.m.] Eastern Time.

IN WITNESS WHEREOF, The TCW Strategic Income Fund, Inc. has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its President, Alvin R. Albe, and witnessed by its Secretary, Philip K. Holl, as of •, 2006. The President acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and states that to the best of his knowledge, information and belief, the matters and facts set forth in these Articles with respect to the authorization and approval of this Amendment and Restatement of the Corporation's Articles of Incorporation are true in all material respects.

Alvin R. Albe

President

Witness

Philip K. Holl

Secretary

APPENDIX B

TCW STRATEGIC INCOME FUND, INC.

AUDIT COMMITTEE CHARTER

The Audit Committee is appointed by the Board of Directors (**Board**) to assist the Board in monitoring (i) the integrity of the financial statements of TCW Strategic Income Fund, Inc. (**Company**), (ii) the compliance by the Company with legal and regulatory requirements, (iii) the qualifications and independence of the Company's independent auditors, and (iv) the performance of the Company's internal audit function and independent auditors.

I. Audit Committee Membership and Other Qualifications

The Audit Committee shall have at least three members. No member of the Audit Committee shall be an interested person of the Company as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940 (**1940 Act**), nor shall any member receive any consulting, advisory or other compensation from the Company except compensation for service as a member of the Board or a committee of the Board. Each member of the Audit Committee must be financially literate, as that qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable time after appointment to the Audit Committee. At least one member of the Audit Committee must have accounting or related financial management expertise as the Board interprets such qualification in its judgment.

The Board shall determine annually whether any member of the Audit Committee is an audit committee financial expert as defined in Item 3 of Form N-CSR.

Notwithstanding any designation as an audit committee financial expert, each member of the Committee is expected to contribute significantly to the work of the Committee. Moreover, designation as an audit committee financial expert will not increase the duties, obligations or liability of the designee as compared to the duties, obligations and liability imposed on the designee as a member of the Committee and of the Board.

II. Purposes of the Audit Committee

The purposes of the Audit Committee are:

- (a) to oversee the accounting and financial processes of the Company and each of its individual series and its internal control over financial reporting and, as the Audit Committee deems appropriate, to inquire into the internal control over financial reporting of certain third-party service providers;
- (b) to oversee the quality and integrity of the Company's financial statements and the independent audit thereof;

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- (c) to appoint the Company's independent auditors and, in connection therewith, to review and evaluate the qualifications, independence and performance of the Company's independent auditors;
- (d) to oversee, or, as appropriate, assist Board oversight of, the Company's compliance with legal and regulatory requirements that relate to the Company's accounting and financial reporting, internal control over financial reporting and independent audits;

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- (e) to act as a liaison between the Company's independent auditors and the Board.
- (f) to prepare an audit committee report as required by Item 306 of Regulation S-K to be included in proxy statements relating to the election of directors; and
- (g) to assist Board oversight of the Company's internal audit function (if any).

III. Duties and Powers of the Audit Committee

The following functions shall be common recurring activities of the Committee in carrying out its oversight function. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate, given the circumstances.

To carry out its purposes, the Audit Committee shall:

1. Report activities to the Board on a regular basis and make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate;
2. Approve prior to appointment the engagement of auditors to annually audit and provide their opinion on the Company's financial statements, recommend to the Board the selection, retention or termination of the Company's independent auditors and, in connection therewith, review and evaluate matters potentially affecting the independence and capabilities and independence of the auditors. In evaluating the auditor's qualifications, performance and independence, the Audit Committee must, among other things, obtain and review a report by the auditor, at least annually, describing the following items:
 - (a) all relationships between the independent auditor and the Company, as well as the Company's investment adviser or any control affiliate of the investment adviser that provides ongoing services to the Company;
 - (b) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues; and
 - (c) the audit firm's internal quality-control procedures;
3. Approve prior to appointment the engagement of the independent auditor to provide other audit services to the Company or to provide non-audit services to the Company, its investment adviser or any entity controlling, controlled by, or under common control with the investment adviser, including TCW Brokerage Services, (Adviser Affiliate) that provides ongoing services to the Company, if the engagement relates directly to the operations and financial reporting of the Company;
4. Develop, to the extent deemed appropriate by the Audit Committee, policies and procedures for pre-approval of the engagement of the Company's independent auditors to provide any of the services described in (3) above;
5. Consider the controls applied by the independent auditors and any measures taken by management in an effort to assure that all items requiring pre-approval by the Audit Committee are identified and referred to the Committee in a timely fashion;

6. Consider whether any non-audit services provided by the Company's independent auditor to the Company's investment adviser or any adviser affiliate that provides ongoing services to the Company, which services were not pre-approved by the Audit Committee, are compatible with maintaining the independent auditor's independence;
7. Review the arrangements for and scope of the annual audit and any special audits;
8. Review and approve the fees proposed to be charged to the Company by the independent auditors for each audit and non-audit service;
9. Consider information and comments from the independent auditors with respect to the Company's accounting and financial reporting policies, procedures and internal control over financial reporting (including the Company's critical accounting policies and practices), to consider management's responses to any such comments and, to the extent the Audit Committee deems necessary or appropriate, to promote improvements in the quality of the Company's accounting and financial reporting;
10. Consider information and comments from the independent auditors with respect to, and meet with the independent auditors to discuss any matters of issue relating to, the Company's financial statements, including any adjustments to such statements recommended by the independent auditors, review the independent auditors' opinion on the Company's financial statements and to discuss with management and the independent auditor the Company's annual audited financial statements and other periodic financial statements, including the Company's disclosures under Management's Discussion of Fund Performance ;
11. Review with management significant judgments made in connection with the preparation of the Company's financial statements;
12. Resolve disagreements between management and the auditors regarding financial reporting;
13. Consider any reports of difficulties that may have arisen in the course of the audit, including any limitations on the scope of the audit, and management's response thereto;
14. Discuss with the independent auditor the matters required to be discussed by the Statement on Auditing Standards (SAS) No. 61 (as amended by SAS No. 90) issued by the Auditing Standards Board, relating to the conduct of the audit;
15. Review with the Company's principal executive officer and/or principal financial officer in connection with the required certifications on Form N-CSR any significant deficiencies in the design or operation of internal controls over financial reporting or material weaknesses therein and any reported evidence of fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting;
16. Establish procedures: (i) for the receipt, retention and treatment of complaints received by the Company relating to accounting, internal accounting controls, or auditing matters; (ii) for the confidential, anonymous submission by employees of the Company and by employees of its investment adviser, administrator, principal underwriter, independent auditor, or any other provider of accounting or auditing related services to the Company of concerns regarding questionable accounting or auditing matters (a copy of these procedures is attached hereto as Exhibit A);

17. Establish procedures to address reports from attorneys of possible violations of federal or state law or fiduciary duty;
18. Investigate or initiate an investigation of reports of improprieties or suspected improprieties in connection with the Company's accounting or financial controls;
19. Discuss generally the Company's press releases, as well as any financial information and earnings guidance provided to analysts and ratings agencies (if any), e.g., the types of information to be disclosed and the type of presentation to be made;
20. Review in a general manner, but not as a committee to assume responsibility for, the Company's processes with respect to risk assessment and risk management;
21. Set clear policies relating to the hiring by entities within the Company's investment company complex of employees or former employees of the independent auditors; and
22. Perform such other functions and have such powers as may be necessary or appropriate in the efficient and lawful discharge of the powers provided in this Charter.

The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditors for the purpose of conducting the audit and rendering their audit report, the authority to retain and compensate special counsel and other experts or consultants as the Audit Committee deems necessary, and the authority to obtain specialized training for Audit Committee members, at the expense of the Company.

The Audit Committee may delegate any portion of its authority, including the authority to grant pre-approvals of audit and permitted non-audit services, to a subcommittee of one or more members. Any decisions of the subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next regularly scheduled meeting.

IV. Role and Responsibilities of the Audit Committee

The function of the Audit Committee is oversight; it is management's responsibility to maintain appropriate systems for accounting and internal controls over financial reporting, and the independent auditors' responsibility to plan and carry out a proper audit. Management is responsible for: (i) the preparation, presentation and integrity of the Company's financial statements; (ii) the maintenance of appropriate accounting and financial reporting principles and policies; and (iii) the maintenance of internal control over financial reporting designed to assure compliance with accounting standards and applicable law. The independent auditors are responsible for planning and carrying out an audit consistent with applicable legal and professional standards and the terms of the engagement titles. Nothing in this Charter shall be construed to reduce the responsibilities or liabilities of the Company's service providers, including the auditors.

The review of the Company's financial statements by the Audit Committee is not an audit, nor does the Audit Committee's review substitute for the responsibilities of the Company's management for preparing, or the independent auditors for auditing, the financial statements. Members of the Audit Committee are not full-time employees of the Company, and, in serving on the Audit Committee, are not, and do not hold themselves out to be, acting as accountants or auditors. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct field work or other types of auditing or accounting reviews or procedures.

In discharging their duties the members of the Audit Committee are entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: (i) one or more officers of the Company whom the Audit Committee reasonably believes to be competent in the matters presented; or (ii) legal counsel, public accountants, or other persons as to matters the Audit Committee reasonably believes are within the person's professional or expert competence.

V. Operations of the Audit Committee

1. The Audit Committee shall meet on a regular basis, quarterly, and is authorized to hold special meetings as circumstances warrant.
2. The Audit Committee shall ordinarily meet in person; however, members may attend telephonically or by video conference, and the Audit Committee may act by written consent, to the extent permitted by law and by the Company's by-laws.
3. The Audit Committee shall regularly meet with representatives of management and, in separate executive session, with the Company's independent auditors, the Company's internal auditors or other personnel responsible for the Company's internal audit function (if any). The Audit Committee may also request to meet with internal legal counsel and compliance personnel of the investment adviser and with entities that provide significant accounting or administrative services to the Company.
4. The Audit Committee shall prepare and retain minutes of its meetings and appropriate documentation of decisions made outside of meetings by delegated authority.
5. The Audit Committee may select one of its members to be the chair.
6. A majority of the members of the Audit Committee shall constitute a quorum for the transaction of business at any meeting of the Audit Committee. The action of a majority of the members of the Audit Committee present at a meeting at which a quorum is present shall be the action of the Audit Committee.
7. Upon the recommendation of the Audit Committee, the Board shall adopt and approve this Charter and may amend it. The Audit Committee shall review this Charter at least annually and recommend to the Board any changes the Audit Committee deems appropriate or necessary.
8. The Audit Committee shall evaluate its performance at least annually.

EXHIBIT A

COMPLAINT PROCEDURES

Pursuant to the requirements of Rule 10A-3(b)(3) of the Securities Exchange Act of 1934, as amended, Section 303A.06 of the New York Stock Exchange Corporate Governance Rules, the Company's Audit Committee Charter, and in accordance with Section 301 and Section 806 of the Sarbanes-Oxley Act of 2002, the Audit Committee has adopted the following procedures (the "Procedures") for handling complaints and concerns regarding the Company's accounting, internal accounting controls and auditing matters (collectively, "Accounting Matters").

The Audit Committee has established these Procedures for the:

receipt, retention and treatment of complaints received by the Company regarding Accounting Matters; and

the confidential, anonymous submission by officers of the Company or employees of Applicable Service Providers (as defined below) of concerns regarding questionable Accounting Matters.

Applicable Service Providers are any third parties, such as the Company's investment adviser, administrator, outside auditor and principal underwriter, that provide management, administrative, custodial, accounting, auditing, transfer agency and other accounting-related services to the Company. A list of the Company's current Applicable Service Providers is attached hereto as Appendix 1.

1. Receipt of Complaints and Concerns

The Company encourages anyone who has a complaint or concern regarding a potentially questionable Accounting Matter to bring this complaint or concern to the attention of the Company's Chief Financial Officer ("CFO"). Although parties are encouraged to submit complaints or concerns to the CFO, they may also submit complaints or concerns directly to the Audit Committee Chairman ("Chairman") as well as, or instead of, to the CFO. Contact information for the current CFO and the current Chairman is attached to these procedures as Appendix 2. The Chairman will usually inform the CFO of any concerns or complaints relating to Accounting Matters that he or she receives directly. However, the Chairman is not required to notify the CFO.

Any complaint received by an officer of the Company or an employee of an Applicable Service Provider with respect to Accounting Matters should be promptly forwarded to the CFO or the Chairman. Any Director who has a concern regarding what he or she views as questionable Accounting Matters should bring such concern to the attention of the Chairman no later than the first Committee meeting held after he or she becomes concerned.

2. Confidential, Anonymous Submission of Complaints and Concerns

The Company encourages any officer of the Company or employee of an Applicable Service Provider (collectively, "Reporting Persons") who has a complaint or concern regarding a potentially questionable Accounting Matter to bring this complaint or concern to the attention of the CFO or the Chairman. If a Reporting Person does not want to be identified with the submission, he or she should send the complaint or concern by mail or facsimile to the CFO and/or Chairman, without including his or her name in the correspondence and

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prominently indicating on the submission that it is a *Confidential, Anonymous Submission*. Reporting Persons are encouraged to report any violation to the CFO and/or the Chairman with confidentiality. These procedures are intended to create an environment where Reporting Persons can act without fear of reprisal or retaliation (see *Freedom to Report (No Retaliation)* below).

3. Retention of Complaints and Concerns

The CFO will maintain a confidential file of materials related to complaints or concerns received concerning the Company's Accounting Matters, except that the Audit Committee will maintain a confidential file of the foregoing materials related to such complaints or concerns received directly by the Audit Committee about which the Audit Committee determined not to notify the CFO. These materials, whether maintained by the CFO or the Audit Committee, will be retained for a period of three (3) years or such longer period as may be required by law. Any records relating to a report may, if necessary, be redacted (or similar steps taken) to preserve the confidentiality of the person(s) submitting the report.

4. Treatment of Complaints and Concerns

The CFO will promptly report any complaint or concern he or she receives to the Chairman. The CFO will work with the Chairman to take all appropriate action to investigate any complaints or concerns reported to the CFO, which actions may (but need not) include the use of internal or external counsel, accountants or other personnel.

The Chairman will inform the Audit Committee of any complaints or concerns reported under these Procedures no later than at the next regularly scheduled Committee meeting following the receipt of such complaint or concern. The Committee in its discretion may take any action it deems appropriate to investigate any complaints or concerns of which it becomes aware, which may include referring the matter to the CFO or initiating an independent investigation. The Committee may also choose to take no action. If the Committee chooses to conduct an investigation, it may at the Company's expense employ internal or external counsel, accountants and other personnel.

5. Freedom to Report (No Retaliation)

Directors and officers of the Company, and employees of Applicable Service Providers are prohibited from discharging, demoting, suspending, threatening, harassing, or discriminating against a Reporting Person in any manner that impacts the terms and conditions of the Reporting Person's employment, because of any lawful act done by the Reporting Person to provide information, cause information to be provided, or otherwise assist in an investigation regarding any conduct which the Reporting Person reasonably believes is reportable under these Procedures.

To monitor whether a Reporting Person is being subjected to reprisals or retaliation, the CFO may contact the Reporting Person to determine whether any changes in the Reporting Person's work situation have occurred as a result of providing such information. If the CFO determines that any reprisal or retaliation has occurred, a report of this shall be made to the Company's officers and to the Audit Committee. The Company will take whatever actions are deemed necessary and appropriate by the Audit Committee to remedy the retaliation.

Any Reporting Person who feels he or she has been the subject of reprisal or retaliation because of his or her reporting under these Procedures should immediately notify the CFO and/or the Chairman.

6. Communication and Training

The officers of the Company shall be responsible for ensuring that all persons involved with the Company's Accounting Matters, including employees of Applicable Service Providers, are made aware of and encouraged to report matters under these Procedures. To ensure that Applicable Service Providers are aware of, and complying with, these Procedures, the Company may provide Applicable Service Providers with copies of these Procedures and obtain annual affirmations of such Applicable Service Providers' receipt of, and compliance with, these Procedures.

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Applicable Service Providers

(As of May 1, 2006)

This Appendix I may be modified from time to time to reflect changes to the Company's Applicable Service Providers.

Investment Adviser

TCW Investment Management Company

865 South Figueroa Street

Los Angeles, California 90017

Transfer Agent, Dividend Reinvestment And

Disbursing Agent And Registrar

The Bank of New York

Church Street Station

P.O. Box #11002

New York, New York 10277-0770

Custodian

Investors Bank & Trust Company

200 Clarendon Street

Boston, Massachusetts 02116

Independent Auditors

Deloitte & Touche LLP

350 South Grand Avenue

Los Angeles, California 90071

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Chief Financial Officer

David S. DeVito

TCW Strategic Income Fund, Inc.

865 South Figueroa Street, 18th Floor

Los Angeles, CA 90017

Facsimile (213) 244-0489

Audit Committee Chairman

Samuel P. Bell

c/o Robert E. Carlson, Esq.

Paul, Hastings, Janofsky & Walker

515 South Flower Street, 17th Floor

Los Angeles, CA 90071

Facsimile (213) 267-0705

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TCW STRATEGIC INCOME FUND, INC.

P R O X Y

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS for use at an Annual Meeting of Shareholders to be held at the Sheraton Los Angeles Downtown Hotel, 711 South Hope Street, Los Angeles, California 90017, on Tuesday, September 26, 2006, at 9:30 A.M., Pacific Daylight Time.

The undersigned hereby appoints Alvin R. Albe, Jr. and Philip K. Holl and each of them, with full power of substitution, as proxies of the undersigned to vote at the above-stated Annual Meeting, and at all adjournments and postponements thereof, all shares of common stock of TCW Strategic Income Fund, Inc. (the Fund) held of record by the undersigned on the record date for the meeting, upon the following matters and upon any other matter which may come before the meeting, in their discretion.

Every properly signed proxy will be voted in the manner specified thereon and, in the absence of specification, will be treated as GRANTING authority to vote FOR the election of the directors named in Proposal 1 and AGAINST Proposal 2.

The attached proxy statement contains additional information about the Proposals and the Fund. Please read it before you vote.

(Continued and to be signed and dated on the other side.)

TCW STRATEGIC INCOME FUND, INC.

P.O. BOX 11459

NEW YORK, N.Y. 10203-0459

YOUR VOTE IS IMPORTANT

VOTE BY TELEPHONE

24 HOURS A DAY, 7 DAYS A WEEK

TELEPHONE

MAIL

1-866-235-8901

Use any touch-tone telephone.

OR

Mark, sign and date your proxy card.

Have your proxy card ready.

Detach your proxy card.

Follow the simple recorded instructions.

Return your proxy card in the postage-paid envelope provided.

1-866-235-8901

CALL TOLL-FREE TO VOTE

.. **Ú DETACH PROXY CARD HERE Ú**

Sign, Date and Return the **X**

Proxy Card Promptly Using **Votes must be indicated (x)**

the Enclosed Envelope. **in Black or Blue ink.**

**The Board of Directors recommends a vote
FOR all nominees.**

(1) Election of Directors

FOR all nominees .. **WITHHOLD AUTHORITY** .. ***EXCEPTIONS** ..
to vote for all nominees listed below (see instructions below)

Nominees: Alvin R. Albe, Jr., Samuel P. Bell, Richard W. Call, Matthew K.

Fong, John A. Gavin, Patrick C. Haden, Charles A. Parker,

William C. Sonneborn.

**The Board of Directors recommends a vote AGAINST the proposal to
convert
the Fund to an open-end investment company.**

(2) Proposal pursuant to the Fund's Articles of Incorporation to convert the Fund to an open-end investment company and to adopt an amendment and restatement of the Articles of Incorporation to effectuate the proposal.

(3) In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

FOR AGAINST ABSTAIN

..

..

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(INSTRUCTIONS: To withhold authority to vote for any individual nominee, mark the Exceptions box and write that nominee's name in the space provided below. Nominees that are not listed below will receive a vote FOR.)

Change of address and/or Comments Mark here ..

*Exceptions _____

SCAN LINE

Receipt of Notice of Annual Meeting and Proxy Statement is hereby acknowledged.

IMPORTANT: Joint owners must EACH sign. When signing as attorney, trustee, executor, administrator, guardian, or corporate officer, please give your full title.

Co-Owner sign here

Date Share Owner sign here