

Energy Transfer Partners, L.P.
Reconciliation of Non-GAAP Measures

	Pro Forma for ETP/SXL Merger								
	Full Year	2016					2017		
	2015	Q1	Q2	Q3	Q4	YTD	Q1	Q2	YTD
Net income (loss)	\$ 1,521	\$ 376	\$ 472	\$ 138	\$ (362)	\$ 624	\$ 364	\$ 292	\$ 656
Interest expense, net	1,291	319	317	345	336	1,317	339	346	685
Gains on acquisitions	-	-	-	-	(83)	(83)	-	-	-
Impairment losses	339	-	-	308	813	1,121	-	-	-
Income tax expense (benefit)	(123)	(58)	(9)	(64)	(55)	(186)	55	79	134
Depreciation, depletion and amortization	1,929	470	496	503	517	1,986	560	557	1,117
Non-cash unit-based compensation expense	79	19	19	22	20	80	23	15	38
(Gains) losses on interest rate derivatives	18	70	81	28	(167)	12	(5)	25	20
Unrealized (gains) losses on commodity risk management activities	65	63	18	15	35	131	(64)	(34)	(98)
Inventory valuation adjustments	104	26	(132)	(37)	(27)	(170)	(2)	58	56
Losses on extinguishments of debt	43	-	-	-	-	-	-	-	-
Equity in (earnings) losses of unconsolidated affiliates	(469)	(76)	(119)	(65)	201	(59)	(73)	61	(12)
Adjusted EBITDA related to unconsolidated affiliates	937	219	252	240	235	946	239	247	486
Other, net	(20)	(16)	(25)	(43)	(30)	(114)	(22)	(47)	(69)
Adjusted EBITDA (consolidated)	5,714	1,412	1,370	1,390	1,433	5,605	1,414	1,599	3,013
Adjusted EBITDA related to unconsolidated affiliates	(937)	(219)	(252)	(240)	(235)	(946)	(239)	(247)	(486)
Distributable cash flow from unconsolidated affiliates	646	144	116	124	134	518	144	123	267
Interest expense, net	(1,291)	(319)	(317)	(345)	(336)	(1,317)	(339)	(346)	(685)
Amortization included in interest expense	(36)	(7)	(5)	(4)	(4)	(20)	(1)	(2)	(3)
Current income tax (expense) benefit	325	1	(13)	(11)	40	17	(1)	(12)	(13)
Transaction-related income taxes	(51)	-	-	-	-	-	-	-	-
Maintenance capital expenditures	(485)	(59)	(78)	(97)	(134)	(368)	(60)	(107)	(167)
Other, net	12	3	3	7	8	21	16	14	30
Distributable Cash Flow (consolidated)	3,897	956	824	824	906	3,510	934	1,022	1,956
Distributable Cash Flow attributable to PennTex Midstream Partners, LP (100%)	-	-	-	-	(11)	(11)	(19)	-	(19)
Distributions from PennTex Midstream Partners, LP to ETP	-	-	-	8	8	16	8	-	8
Distributable Cash Flow attributable to Sunoco LP (100%)	(68)	-	-	-	-	-	-	-	-
Distributions from Sunoco LP to ETP	24	-	-	-	-	-	-	-	-
Distributable cash flow attributable to noncontrolling interest in other consolidated subsidiaries	(24)	(8)	(9)	(11)	(12)	(40)	(23)	(57)	(80)
Distributable Cash Flow attributable to the partners of ETP	3,829	948	815	821	891	3,475	900	965	1,865
Transaction-related expenses	42	2	-	2	12	16	7	25	32
Distributable Cash Flow attributable to the partners of ETP, as adjusted	\$ 3,871	\$ 950	\$ 815	\$ 823	\$ 903	\$ 3,491	\$ 907	\$ 990	\$ 1,897

Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures used by industry analysts, investors, lenders, and rating agencies to assess the financial performance and the operating results of ETP's fundamental business activities and should not be considered in isolation or as a substitute for net income, income from operations, cash flows from operating activities, or other GAAP measures. There are material limitations to using measures such as Adjusted EBITDA and Distributable Cash Flow, including the difficulty associated with using either as the sole measure to compare the results of one company to another, and the inability to analyze certain significant items that directly affect a company's net income or loss or cash flows. In addition, our calculations of Adjusted EBITDA and Distributable Cash Flow may not be consistent with similarly titled measures of other companies and should be viewed in conjunction with measurements that are computed in accordance with GAAP, such as gross margin, operating income, net income, and cash flow from operating activities.

ETP defines Adjusted EBITDA as total partnership earnings before interest, taxes, depreciation, depletion, amortization and other non-cash items, such as non-cash compensation expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities, non-cash impairment charges, losses on extinguishments of debt and other non-operating income or expense items. Unrealized gains and losses on commodity risk management activities include unrealized gains and losses on commodity derivatives and inventory fair value adjustments (excluding lower of cost or market adjustments). Adjusted EBITDA reflects amounts for less than wholly-owned subsidiaries based on 100% of the subsidiaries' results of operations and for unconsolidated affiliates based on ETP's proportionate ownership.

Distributable Cash Flow is used by management to evaluate our overall performance. Our partnership agreement requires us to distribute all available cash, and Distributable Cash Flow is calculated to evaluate our ability to fund distributions through cash generated by our operations. ETP defines Distributable Cash Flow as net income, adjusted for certain non-cash items, less maintenance capital expenditures. Non-cash items include depreciation, depletion and amortization, non-cash compensation expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities, non-cash impairment charges, losses on extinguishments of debt and deferred income taxes. Unrealized gains and losses on commodity risk management activities includes unrealized gains and losses on commodity derivatives and inventory fair value adjustments (excluding lower of cost or market adjustments). For unconsolidated affiliates, Distributable Cash Flow reflects the Partnership's proportionate share of the investee's distributable cash flow.

On a consolidated basis, Distributable Cash Flow includes 100% of the Distributable Cash Flow of ETP's consolidated subsidiaries. However, to the extent that noncontrolling interests exist among ETP's subsidiaries, the Distributable Cash Flow generated by ETP's subsidiaries may not be available to be distributed to the partners of ETP. In order to reflect the cash flows available for distributions to the partners of ETP, ETP has reported Distributable Cash Flow attributable to the partners of ETP, which is calculated by adjusting Distributable Cash Flow (consolidated), as follows:

- For subsidiaries with publicly traded equity interests, Distributable Cash Flow (consolidated) includes 100% of Distributable Cash Flow attributable to such subsidiary, and Distributable Cash Flow attributable to the partners of ETP includes distributions to be received by the parent company with respect to the periods presented.
- For consolidated joint ventures or similar entities, where the noncontrolling interest is not publicly traded, Distributable Cash Flow (consolidated) includes 100% of Distributable Cash Flow attributable to such subsidiary, but Distributable Cash Flow attributable to the partners of ETP is net of distributions to be paid by the subsidiary to the noncontrolling interests.