Energy Transfer LP
Reconciliation of Non-GAAP Measures

	Pro Forma for Mergers									
	Full Year	2017					2018			
	2016	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	YTD
Net income	$ -	$ 319	$ 121	$ 758	$ 1,168	$ 2,366	$ 489	$ 633	$ 1,391	$ 2,513
(Income) loss from discontinued operations	462	11	193	(17)	(10)	177	237	26	2	265
Interest expense, net	1,804	473	477	490	482	1,922	466	510	535	1,511
Gains on acquisitions	(83)	-	-	-	-	-	-	-	-	-
Impairment losses	1,040	-	89	10	940	1,039	-	-	-	-
Income tax expense (benefit)	(258)	38	33	(157)	(1,747)	(1,833)	(10)	68	(52)	6
Depreciation, depletion and amortization	2,216	628	607	642	677	2,554	665	694	750	2,109
Non-cash compensation expense	70	27	20	29	23	99	23	32	27	82
(Gains) losses on interest rate derivatives	12	(5)	25	8	9	37	(52)	(20)	(45)	(117)
Unrealized (gains) losses on commodity risk management activities	136	(69)	(29)	76	(37)	(59)	87	265	(97)	255
(Gain) loss on disposal of assets	39	2	3	(5)	-	-	3	1	(18)	(14)
Losses on extinguishments of debt	-	25	-	-	64	89	106	-	-	106
Inventory valuation adjustments	(97)	13	29	(50)	(16)	(24)	(25)	(32)	7	(50)
Impairment of investment in unconsolidated affiliates	308	-	-	-	313	313	-	-	-	-
Equity in (earnings) losses of unconsolidated affiliates	(270)	(87)	(49)	(92)	84	(144)	(79)	(92)	(87)	(258)
Adjusted EBITDA related to unconsolidated affiliates	675	185	164	205	162	716	156	168	179	503
Adjusted EBITDA from discontinued operations	199	31	72	76	44	223	(20)	(5)	-	(25)
Other, net	(118)	(14)	(38)	(24)	(79)	(155)	(44)	14	(15)	(45)
Adjusted EBITDA (consolidated)	6,135	1,577	1,717	1,949	2,077	7,320	2,002	2,262	2,577	6,841
Adjusted EBITDA related to unconsolidated affiliates	(675)	(185)	(164)	(205)	(162)	(716)	(156)	(168)	(179)	(503)
Distributable cash flow from unconsolidated affiliates	375	109	86	133	102	430	104	99	109	312
Interest expense, net	(1,832)	(477)	(481)	(503)	(497)	(1,958)	(468)	(510)	(535)	(1,513)
Preferred unitholders' distributions	-	-	-	-	(12)	(12)	(24)	(41)	(51)	(116)
Current income tax (expense) benefit	17	-	(14)	(15)	(10)	(39)	(469)	28	(24)	(465)
Transaction-related tax expenses	-	-	-	-	-	-	480	(10)	-	470
Maintenance capital expenditures	(474)	(78)	(114)	(130)	(157)	(479)	(91)	(126)	(156)	(373)
Other, net	19	18	21	23	6	68	8	5	16	29
Distributable Cash Flow (consolidated)	3,565	964	1,051	1,252	1,347	4,614	1,386	1,539	1,757	4,682
Distributable Cash Flow attributable to Sunoco LP (100%)	(381)	(77)	(158)	(125)	(89)	(449)	(84)	(99)	(147)	(330)
Distributions from Sunoco LP	231	58	68	66	67	259	41	41	41	123
Distributable Cash Flow attributable to USAC (100%)	-	-	-	-	-	-	-	(46)	(47)	(93)
Distributions from USAC	-	-	-	-	-	-	-	31	21	52
Distributable Cash Flow attributable to PennTex Midstream Partners, LP (100%)	(11)	(19)	-	-	-	(19)	-	-	-	-
Distributions from PennTex Midstream Partners, LP	16	8	-	-	-	8	-	-	-	-
Distributable cash flow attributable to noncontrolling interest in other non-wholly-owned subsidiaries	(40)	(23)	(57)	(119)	(151)	(350)	(147)	(180)	(253)	(580)
Distributable Cash Flow attributable to the partners of ET - pro forma for mergers	3,380	911	904	1,074	1,174	4,063	1,196	1,286	1,372	3,854
Transaction-related expenses	75	10	29	14	4	57	(1)	14	12	25
Distributable Cash Flow attributable to the partners of ET, as adjusted - pro forma for mergers	$ 3,455	$ 921	$ 933	$ 1,088	$ 1,178	$ 4,120	$ 1,195	$ 1,300	$ 1,384	$ 3,879

Notes

For the periods reflected above, Distributable Cash Flow attributable to the partners of ET reflects the pro forma impacts of the ETE-ETP merger in October 2018; for periods including dates on or before March 31, 2017, Distributable Cash Flow also reflects the pro forma impacts of the ETP-SXL merger in April 2017. On a pro forma basis, the acquired subsidiaries (ETP and SXL) are treated as wholly owned subsidiaries for periods prior to the respective mergers.

Certain other prior period amounts have also been reclassified to conform to the current period presentation, including a reclassification between capitalized interest and AFUDC from the nine months ended September 30, 2017.

Definitions

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 the Partnership'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.

The Partnership 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 the Partnership'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. The Partnership defines Distributable Cash Flow as net income, adjusted for certain non-cash items, less distributions to preferred unitholders and maintenance capital expenditures. Non-cash items include depreciation, depletion and amortization, non-cash compensation expense, amortization included in interest 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 the Partnership's consolidated subsidiaries. However, to the extent that noncontrolling interests exist among the Partnership's subsidiaries, the Distributable Cash Flow generated by such subsidiaries may not be available to be distributed to the partners of ET. In order to reflect the cash flows available for distributions to the partners of ET, the Partnership has reported Distributable Cash Flow attributable to the partners of ET, 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 ET 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 ET is net of distributions to be paid by the subsidiary to the noncontrolling interests.