Energy Transfer LP
Reconciliation of Non-GAAP Measures

	2020	2021	2022					2023
	Full Year	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1
Net income	$ 140	$ 6,687	$ 1,487	$ 1,622	$ 1,322	$ 1,437	$ 5,868	$ 1,447
Interest expense, net	2,327	2,267	559	578	577	592	2,306	619
Impairment losses and other	2,880	21	300	-	86	-	386	1
Income tax expense (benefit) from continuing operations	237	184	(9)	86	82	45	204	71
Depreciation, depletion and amortization	3,678	3,817	1,028	1,046	1,030	1,060	4,164	1,059
Non-cash compensation expense	121	111	36	25	27	27	115	37
(Gains) losses on interest rate derivatives	203	(61)	(114)	(129)	(60)	10	(293)	20
Unrealized (gains) losses on commodity risk management activities	71	(162)	45	(99)	(76)	88	(42)	130
Losses on extinguishments of debt	75	38	-	-	-	-	-	-
Inventory valuation adjustments (Sunoco LP)	82	(190)	(120)	(1)	40	76	(5)	(29)
Impairment of investment in unconsolidated affiliates	129	-	-	-	-	-	-	-
Equity in (earnings) losses of unconsolidated affiliates	(119)	(246)	(56)	(62)	(68)	(71)	(257)	(88)
Adjusted EBITDA related to unconsolidated affiliates	628	523	125	137	147	156	565	161
Other, net (including amounts related to discontinued operations in 2018)	79	57	59	25	(19)	17	82	5
Adjusted EBITDA (consolidated)	10,531	13,046	3,340	3,228	3,088	3,437	13,093	3,433
Adjusted EBITDA related to unconsolidated affiliates	(628)	(523)	(125)	(137)	(147)	(156)	(565)	(161)
Distributable Cash Flow from unconsolidated affiliates	452	346	86	82	102	89	359	118
Interest expense, net	(2,327)	(2,267)	(559)	(578)	(577)	(592)	(2,306)	(619)
Preferred unitholders' distributions	(378)	(418)	(118)	(117)	(118)	(118)	(471)	(120)
Current income tax (expense) benefit	(27)	(44)	41	(11)	(31)	(17)	(18)	(18)
Transaction-related income taxes	-	-	(42)	-	-	-	(42)	-
Maintenance capital expenditures	(520)	(581)	(118)	(162)	(247)	(294)	(821)	(162)
Other, net	74	68	5	7	5	3	20	5
Distributable Cash Flow (consolidated)	7,177	9,627	2,510	2,312	2,075	2,352	9,249	2,476
Distributable Cash Flow attributable to Sunoco LP (100%)	(516)	(542)	(142)	(159)	(195)	(152)	(648)	(160)
Distributions from Sunoco LP	165	165	41	42	41	42	166	43
Distributable Cash Flow attributable to USAC (100%)	(221)	(209)	(50)	(56)	(55)	(60)	(221)	(63)
Distributions from USAC	97	97	24	24	25	24	97	24
Distributable Cash Flow attributable to noncontrolling interests in other non-wholly-owned subsidiaries	(1,015)	(1,113)	(317)	(294)	(315)	(314)	(1,240)	(314)
Distributable Cash Flow attributable to the partners of Energy Transfer	5,687	8,025	2,066	1,869	1,576	1,892	7,403	2,006
Transaction-related adjustments	55	194	12	9	5	18	44	2
Distributable Cash Flow attributable to the partners of Energy Transfer, as adjusted	$ 5,742	$ 8,219	$ 2,078	$ 1,878	$ 1,581	$ 1,910	$ 7,447	$ 2,008

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 Energy Transfer'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 segment margin, operating income, net income and cash flow from operating activities.

We define 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, inventory valuation adjustments, non-cash impairment charges, losses on extinguishments of debt and other non-operating income or expense items. Inventory adjustments that are excluded from the calculation of Adjusted EBITDA represent only the changes in lower of cost or market reserves on inventory that is carried at last-in, first-out ("LIFO"). These amounts are unrealized valuation adjustments applied to Sunoco LP's fuel volumes remaining in inventory at the end of the period.

Adjusted EBITDA reflects amounts for less than wholly-owned subsidiaries based on 100% of the subsidiaries' results of operations. Adjusted EBITDA reflects amounts for unconsolidated affiliates based on the same recognition and measurement methods used to record equity in earnings of unconsolidated affiliates. Adjusted EBITDA related to unconsolidated affiliates excludes the same items with respect to the unconsolidated affiliate as those excluded from the calculation of Adjusted EBITDA, such as interest, taxes, depreciation, depletion, amortization and other non-cash items. Although these amounts are excluded from Adjusted EBITDA related to unconsolidated affiliates, such exclusion should not be understood to imply that we have control over the operations and resulting revenues and expenses of such affiliates. We do not control our unconsolidated affiliates; therefore, we do not control the earnings or cash flows of such affiliates.

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. We define 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, inventory valuation adjustments, non-cash impairment charges, losses on extinguishments of debt and deferred income taxes. 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 Energy Transfer's consolidated subsidiaries. However, to the extent that noncontrolling interests exist among the Partnership's subsidiaries, the Distributable Cash Flow generated by our subsidiaries may not be available to be distributed to our partners. In order to reflect the cash flows available for distributions to the partners of Energy Transfer, the Partnership has reported Distributable Cash Flow attributable to the partners of Energy Transfer, 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 our partners 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 subsidiaries, but Distributable Cash Flow attributable to the partners reflects only the amount of Distributable Cash Flow of such subsidiaries that is attributable to our ownership interest.

For Distributable Cash Flow attributable to partners, as adjusted, certain transaction-related and non-recurring expenses that are included in net income are excluded.