Energy Transfer LP
Reconciliation of Non-GAAP Measures

	2018	2019	2020	2021	2022	2023				
	Full Year	Full Year	Full Year	Full Year	Full Year	Q1	Q2	Q3	Q4	Full Year
Net income	$ 3,365	$ 4,899	$ 140	$ 6,687	$ 5,868	$ 1,447	$ 1,233	$ 1,047	$ 1,567	$ 5,294
Loss from discontinued operations	265	-	-	-	-	-	-	-	-	-
Interest expense, net	2,055	2,331	2,327	2,267	2,306	619	641	632	686	2,578
Impairment losses and other	431	74	2,880	21	386	1	10	1	-	12
Income tax expense from continuing operations	4	195	237	184	204	71	108	77	47	303
Depreciation, depletion and amortization	2,859	3,147	3,678	3,817	4,164	1,059	1,061	1,107	1,158	4,385
Non-cash compensation expense	105	113	121	111	115	37	27	35	31	130
(Gains) losses on interest rate derivatives	(47)	241	203	(61)	(293)	20	(35)	(32)	11	(36)
Unrealized (gains) losses on commodity risk management activities	11	5	71	(162)	(42)	130	(55)	107	(185)	(3)
Losses on extinguishments of debt	112	18	75	38	-	-	-	-	(2)	(2)
Inventory valuation adjustments (Sunoco LP)	85	(79)	82	(190)	(5)	(29)	57	(141)	227	114
Impairment of investment in unconsolidated affiliates	-	-	129	-	-	-	-	-	-	-
Equity in earnings of unconsolidated affiliates	(344)	(302)	(119)	(246)	(257)	(88)	(95)	(103)	(97)	(383)
Adjusted EBITDA related to unconsolidated affiliates	655	626	628	523	565	161	171	182	177	691
Adjusted EBITDA from discontinued operations	(25)	-	-	-	-	-	-	-	-	-
Non-operating litigation-related costs	-	-	-	-	-	-	-	625	2	627
Other, net (including amounts related to discontinued operations in 2018)	(21)	(54)	79	57	82	5	(1)	4	(20)	(12)
Adjusted EBITDA (consolidated)	9,510	11,214	10,531	13,046	13,093	3,433	3,122	3,541	3,602	13,698
Adjusted EBITDA related to unconsolidated affiliates	(655)	(626)	(628)	(523)	(565)	(161)	(171)	(182)	(177)	(691)
Distributable Cash Flow from unconsolidated affiliates	407	415	452	346	359	118	115	131	121	485
Interest expense, net	(2,057)	(2,331)	(2,327)	(2,267)	(2,306)	(619)	(641)	(632)	(686)	(2,578)
Preferred unitholders' distributions	(170)	(253)	(378)	(418)	(471)	(120)	(127)	(129)	(135)	(511)
Current income tax (expense) benefit	(472)	22	(27)	(44)	(18)	(18)	(26)	(25)	(31)	(100)
Transaction-related income taxes	470	(31)	-	-	(42)	-	-	-	-	-
Maintenance capital expenditures	(510)	(655)	(520)	(581)	(821)	(162)	(237)	(202)	(259)	(860)
Other, net	49	85	74	68	20	5	5	11	20	41
Distributable Cash Flow (consolidated)	6,572	7,840	7,177	9,627	9,249	2,476	2,040	2,513	2,455	9,484
Distributable Cash Flow attributable to Sunoco LP (100%)	(446)	(450)	(516)	(542)	(648)	(160)	(173)	(181)	(145)	(659)
Distributions from Sunoco LP	166	165	165	165	166	43	44	43	43	173
Distributable Cash Flow attributable to USAC (100%)	(148)	(222)	(221)	(209)	(221)	(63)	(67)	(71)	(80)	(281)
Distributions from USAC	73	90	97	97	97	24	24	25	24	97
Distributable Cash Flow attributable to noncontrolling interests in other non-wholly-owne	(874)	(1,113)	(1,015)	(1,113)	(1,240)	(314)	(324)	(345)	(369)	(1,352)
Distributable Cash Flow attributable to the partners of Energy Transfer [(a)]	5,343	6,310	5,687	8,025	7,403	2,006	1,544	1,984	1,928	7,462
Transaction-related adjustments	52	14	55	194	44	2	10	2	102	116
Distributable Cash Flow attributable to the partners of Energy Transfer, as adjusted [(a)]	$ 5,395	$ 6,324	$ 5,742	$ 8,219	$ 7,447	$ 2,008	$ 1,554	$ 1,986	$ 2,030	$ 7,578

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, as well as certain non-recurring gains and losses. 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.

[(a)] For 2018, Distributable Cash Flow attributable to the partners of Energy Transfer is presented on a pro forma basis for the restructuring transaction in October 2018 (the "Energy Transfer Merger").