Energy Transfer LP
Reconciliation of Non-GAAP Measures

	2019	2020			2021			2022			
	Full Year	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	YTD
Net income	$ 4,825	$ 140	$ 3,641	$ 908	$ 907	$ 1,231	$ 6,687	$ 1,487	$ 1,622	$ 1,322	$ 4,431
Interest expense, net	2,331	2,327	589	566	558	554	2,267	559	578	577	1,714
Impairment losses	74	2,880	3	8	-	10	21	300	-	86	386
Income tax expense (benefit) from continuing operations	195	237	75	82	77	(50)	184	(9)	86	82	159
Depreciation, depletion and amortization	3,147	3,678	954	940	943	980	3,817	1,028	1,046	1,030	3,104
Non-cash compensation expense	113	121	28	27	26	30	111	36	25	27	88
(Gains) losses on interest rate derivatives	241	203	(194)	123	(1)	11	(61)	(114)	(129)	(60)	(303)
Unrealized (gains) losses on commodity risk management activities	5	71	(46)	(47)	19	(88)	(162)	45	(99)	(76)	(130)
Losses on extinguishments of debt	18	75	7	1	-	30	38	-	-	-	-
Inventory valuation adjustments (Sunoco LP)	(79)	82	(100)	(59)	(9)	(22)	(190)	(120)	(1)	40	(81)
Impairment of investment in unconsolidated affiliates	-	129	-	-	-	-	-	-	-	-	-
Equity in (earnings) losses of unconsolidated affiliates	(302)	(119)	(55)	(65)	(71)	(55)	(246)	(56)	(62)	(68)	(186)
Adjusted EBITDA related to unconsolidated affiliates	626	628	123	136	141	123	523	125	137	147	409
Other, net (including amounts related to discontinued operations in 2018)	(54)	79	15	(4)	(11)	57	57	59	25	(19)	65
Adjusted EBITDA (consolidated)	11,140	10,531	5,040	2,616	2,579	2,811	13,046	3,340	3,228	3,088	9,656
Adjusted EBITDA related to unconsolidated affiliates	(626)	(628)	(123)	(136)	(141)	(123)	(523)	(125)	(137)	(147)	(409)
Distributable Cash Flow from unconsolidated affiliates	415	452	76	89	103	78	346	86	82	102	270
Interest expense, net	(2,331)	(2,327)	(589)	(566)	(558)	(554)	(2,267)	(559)	(578)	(577)	(1,714)
Preferred unitholders' distributions	(253)	(378)	(96)	(99)	(110)	(113)	(418)	(118)	(117)	(118)	(353)
Current income tax (expense) benefit	22	(27)	(9)	(15)	(10)	(10)	(44)	41	(11)	(31)	(1)
Transaction-related income taxes	(31)	-	-	-			-	(42)	-	-	(42)
Maintenance capital expenditures	(655)	(520)	(76)	(140)	(155)	(210)	(581)	(118)	(162)	(247)	(527)
Other, net	85	74	19	17	14	18	68	5	7	5	17
Distributable Cash Flow (consolidated)	7,766	7,177	4,242	1,766	1,722	1,897	9,627	2,510	2,312	2,075	6,897
Distributable Cash Flow attributable to Sunoco LP (100%)	(450)	(516)	(108)	(145)	(146)	(143)	(542)	(142)	(159)	(195)	(496)
Distributions from Sunoco LP	165	165	41	42	41	41	165	41	42	41	124
Distributable Cash Flow attributable to USAC (100%)	(222)	(221)	(53)	(52)	(52)	(52)	(209)	(50)	(56)	(55)	(161)
Distributions from USAC	90	97	24	24	25	24	97	24	24	25	73
Distributable Cash Flow attributable to noncontrolling interests in other non-wholly-owned subsidiaries	(1,113)	(1,015)	(251)	(251)	(284)	(327)	(1,113)	(317)	(294)	(315)	(926)
Distributable Cash Flow attributable to the partners of Energy Transfer	6,236	5,687	3,895	1,384	1,306	1,440	8,025	2,066	1,869	1,576	5,511
Transaction-related adjustments	14	55	19	9	6	160	194	12	9	5	26
Distributable Cash Flow attributable to the partners of Energy Transfer, as adjusted	$ 6,250	$ 5,742	$ 3,914	$ 1,393	$ 1,312	$ 1,600	$ 8,219	$ 2,078	$ 1,878	$ 1,581	$ 5,537

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.