ENERGY TRANSFER LP

2019 Goldman Sachs Global Energy Conference

January 8, 2019

FORWARD-LOOKING STATEMENTS / LEGAL DISCLAIMER

Management of Energy Transfer LP (ET) will provide this presentation to analysts at meetings to be held on January 8th, 2019. At the meetings, members of management may make statements about future events, outlook and expectations related to Panhandle Eastern Pipe Line Company, LP (PEPL), Sunoco LP (SUN), USA Compression Partners, LP (USAC), Energy Transfer Operating, L.P. (ETO) and ET (collectively, the Partnerships), and their subsidiaries and this presentation may contain statements about future events, outlook and expectations related to the Partnerships and their subsidiaries all of which statements are forward-looking statements. Any statement made by a member of management of the Partnerships at these meetings and any statement in this presentation that is not a historical fact will be deemed to be a forward-looking statement. These forward-looking statements rely on a number of assumptions concerning future events that members of management of the Partnerships believe to be reasonable, but these statements are subject to a number of risks, uncertainties and other factors, many of which are outside the control of the Partnerships. While the Partnerships believe that the assumptions concerning these future events are reasonable, we caution that there are inherent risks and uncertainties in predicting these future events that could cause the actual results, performance or achievements of the Partnerships and their subsidiaries to be materially different. These risks and uncertainties are discussed in more detail in the filings made by the Partnerships with the Securities and Exchange Commission, copies of which are available to the public. The Partnerships expressly disclaim any intention or obligation to revise or publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

All references in this presentation to capacity of a pipeline, processing plant or storage facility relate to maximum capacity under normal operating conditions and with respect to pipeline transportation capacity, is subject to multiple factors (including natural gas injections and withdrawals at various delivery points along the pipeline and the utilization of compression) which may reduce the throughput capacity from specified capacity levels.

ET HIGHLIGHTS

ENERGY TRANSFER®

ET KEY INVESTMENT HIGHLIGHTS

Well Positioned Assets	Growth From Organic Investments	Solid Financials
➢ Fully integrated platform spanning entire midstream value chain ➢ Assets well positioned in most active basins ➢ Integrated assets allow solid commercial synergies including gas, crude and NGLs	➢ Completing multi-year capex program ➢ Beginning to see strong EBITDA growth from recently completed major growth projects ➢ Expect additional EBITDA growth from remainder of projects coming online through 2020	➢ Stable cash flow profile with minimal contract roll-offs ➢ Healthy and improving balance sheet ➢ Increased retained cash flow with ~$2.5 – $3.0 billion per year of distribution coverage expected

Company well positioned for sustainable organic growth

WHAT'S NEW

Recent Developments

- Mariner East 2 pipeline placed in service (Dec. 2018)
- Announced Frac VII at Mont Belvieu (Nov. '18)
- Announced Lone Star Express Pipeline expansion (Nov. '18)
- Completed corporate simplification merger (Oct. 2018)
- Rover Pipeline completed Phase II in (Sept. 2018)

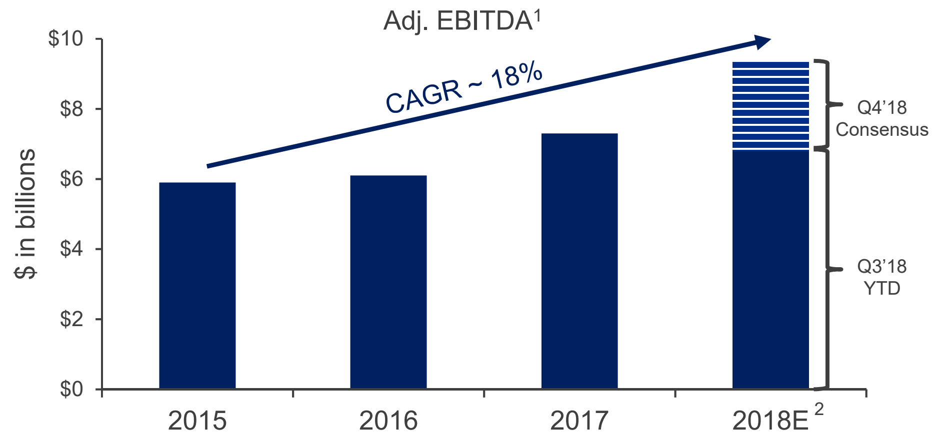
BARRON'S
Top 10 Stock Picks for 2019

Bloomberg Businessweek
50 Companies to Watch in 2019

Improved Financial Position

- Transforming key financial metrics
- Moody's revised Energy Transfer Operating, L.P. ("ETO") credit rating to stable
  - Baa3 (investment grade)
- ~$2.5 – $3.0 billion per year distribution coverage expected
  - Q3'18 excess distributable cash flow after distributions was nearly $600 million
- ~1.7x – 1.9x expected coverage ratio
  - Q3'18 coverage was 1.73x[3]

Consistent Growth With Strong Financial/Operational Performance



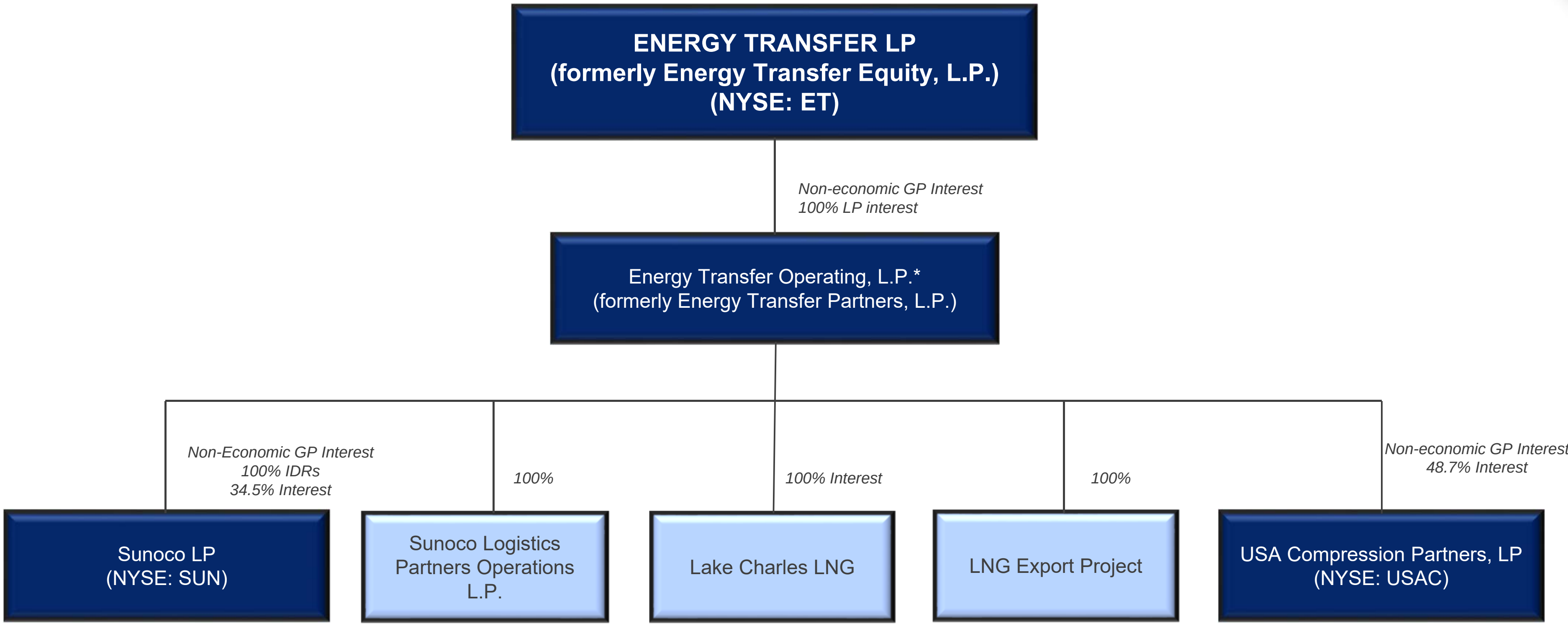
Operational records archived in 3Q'18

- NGL transport volumes 1,086 MBbls/d
- NGL frac volumes 567 MBbls/d
- Crude transport volumes 4,276 MBbls/d
- Midstream volumes 12,774 Bbtu/d
- Interstate volumes 10,155 Bbtu/d

2019 Guidance
Capital Expenditures: $5B
Adj. EBITDA: $10.6B to $10.8B

1. See Appendix for Non-GAAP financial measures
2. 2018E is ET reported YTD 9/30/2018 adj. EBITDA plus analyst consensus for Q4 2018
3. Distribution coverage ratio for a period is calculated as Distributable Cash Flow attributable to partners, as adjusted, divided by net distributions expected to be paid to the partners of ET in respect of such period

ET ORGANIZATIONAL STRUCTURE



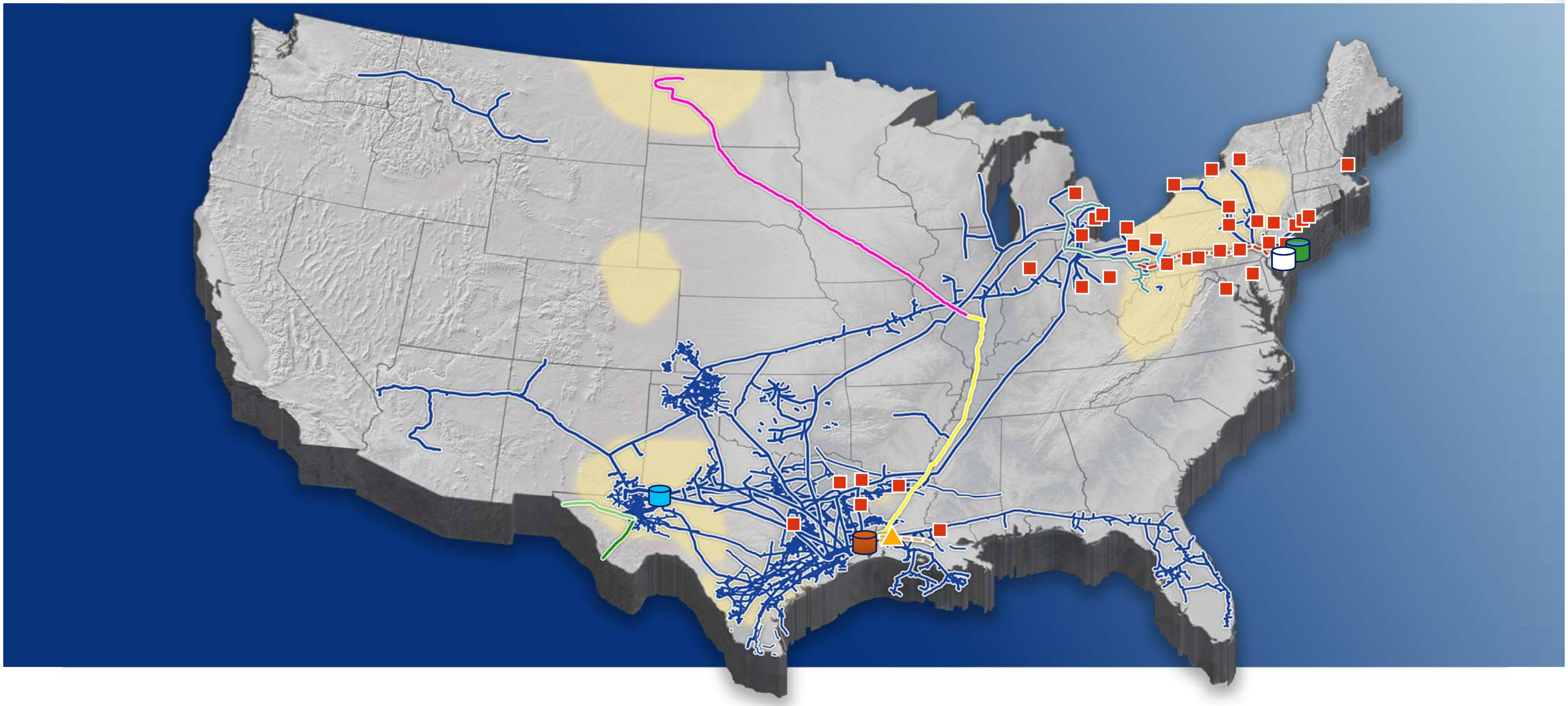
Legend:

Publicly Traded MLP

Operating Business

* Includes ETP Preferred Units

SIGNIFICANT GEOGRAPHIC FOOTPRINT ACROSS THE FAMILY



Asset Overview

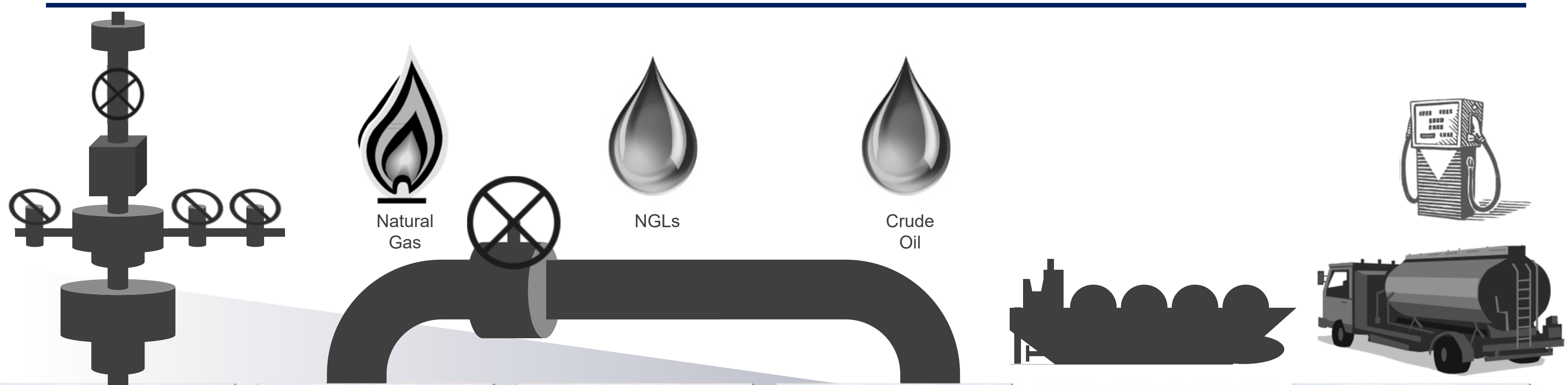
- Energy Transfer Assets
- Terminals
- Marcus Hook
- Eagle Point
- Nederland
- Midland

Recently In-service & Announced Growth Projects

- Lake Charles LNG
- Dakota Access Pipeline
- ETCO Pipeline
- Comanche Trail Pipeline
- Trans-Pecos Pipeline
- Bayou Bridge
- Rover Pipeline
- Revolution System
- Mariner East Phase 2

A TRULY UNIQUE FRANCHISE

ENERGY TRANSFER

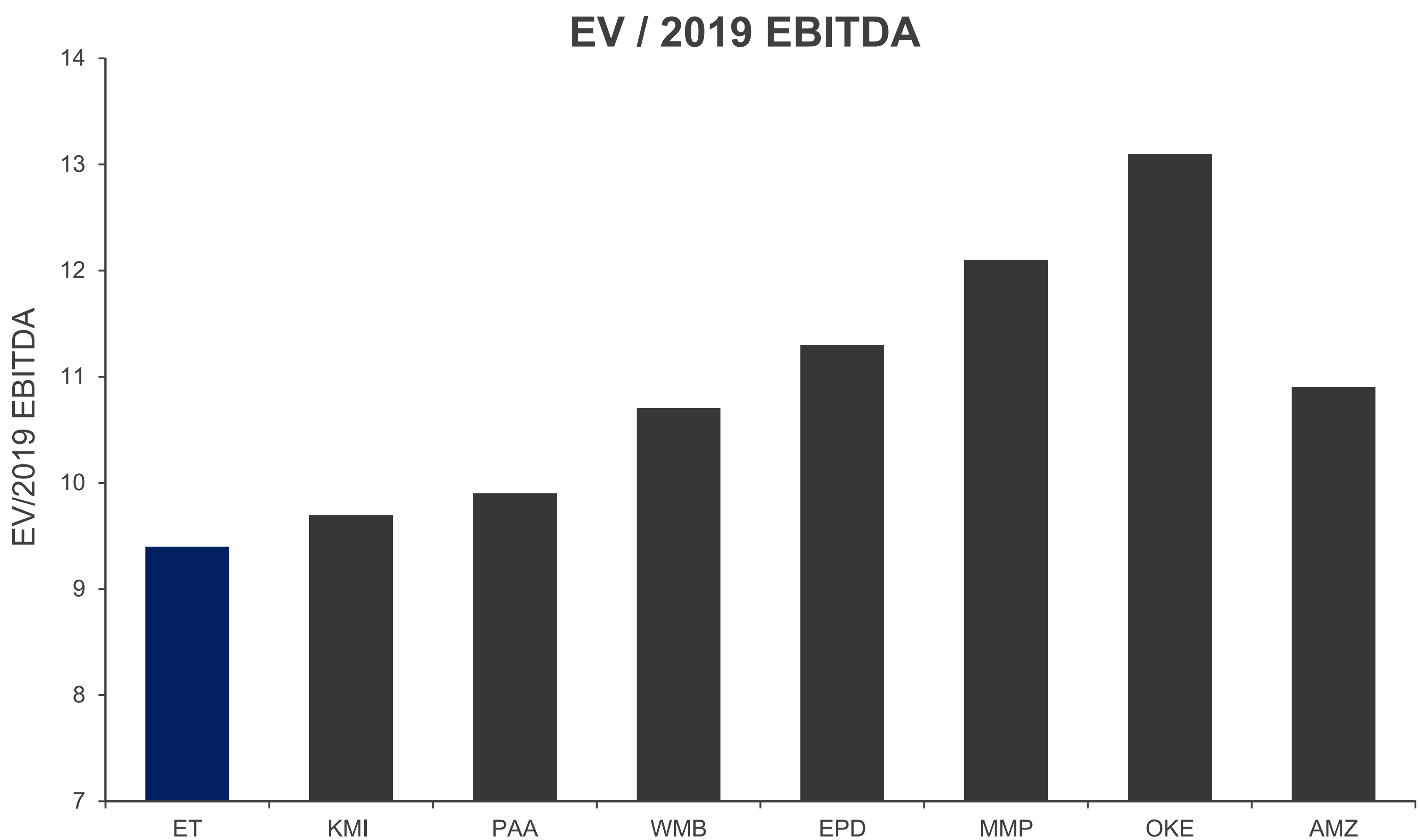


- Gather ~ 12.8 million mmbtu/d of gas & 583,000 bbls/d of NGLs produced
- Transport ~22 million mmbtu/d of natural gas
- Fractionate ~567,000 bbls/d of NGLs at Mont Belvieu
- Transport ~4.3 million barrels crude oil per day
- One of the largest planned LNG Export facilities in the US
- More than 7.9 billion gallons of annual motor fuel sales

- **~$84 billion enterprise value[1]**
- **8+ percent distribution yield[1]**
- **Expected annual distribution coverage of ~1.7x – 1.9x**
- **Investment grade balance sheet**
- **Asset base spanning all major U.S. supply basins and major markets throughout U.S.**
- **Franchise provides multi-year, multi-billion dollar investment opportunities at attractive returns**

1 Based on market cap of ~$37B, total debt as of 9/30/18 ~$45B and preferred securities ~$2B

COMPELLING VALUE PROPOSITION

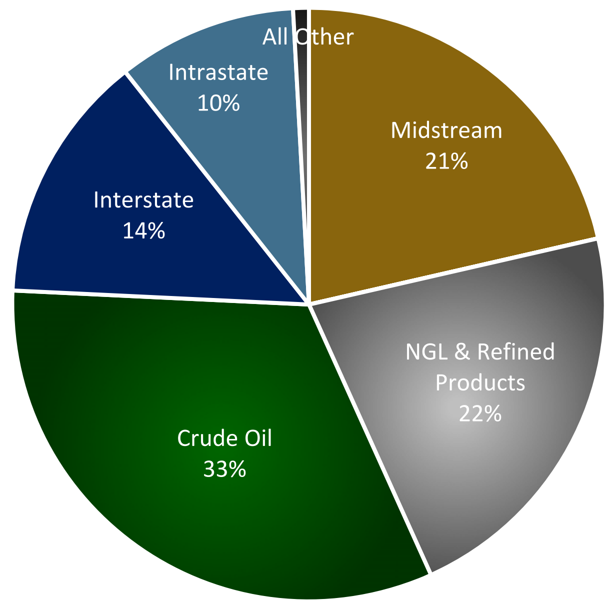


Source: Bernstein Research, December 2018

DIVERSIFIED EARNINGS MIX
WITH PRIMARILY FEE-BASED BUSINESS

Segment[1]	Contract Structure	Strength
Interstate Transport & Storage	Fees based on reserved capacity, regardless of usage	Connected to all major U.S. supply basins and demand markets, including exports
Intrastate Transport & Storage	Reservation charges and transport fees based on utilization	Largest intrastate pipeline system in the US with interconnects to TX markets, as well as major consumption areas throughout the US
Midstream	Minimum volume commitment (MVC), acreage dedication, utilization-based fees and percent of proceeds (POP)	Significant acreage dedications, including assets in Permian, Eagle Ford, and Marcellus/Utica Basins
NGL & Refined Products	Fees from dedicated capacity and take-or-pay contracts, storage fees and throughput fees, and fractionation fees, which are primarily frac-or-pay structures	~60 facilities connected to ET's Lone Star NGL pipelines, and new frac expansions will bring total fractionation capacity at the Mount Belvieu complex to more than 900 Mbpd
Crude Oil	Fees from transporting and terminalling	More than 9,300 miles connecting Permian, Bakken and Midcon Basins to U.S. markets, including Nederland terminal

Q3 2018 Segment Margin by Segment[1]

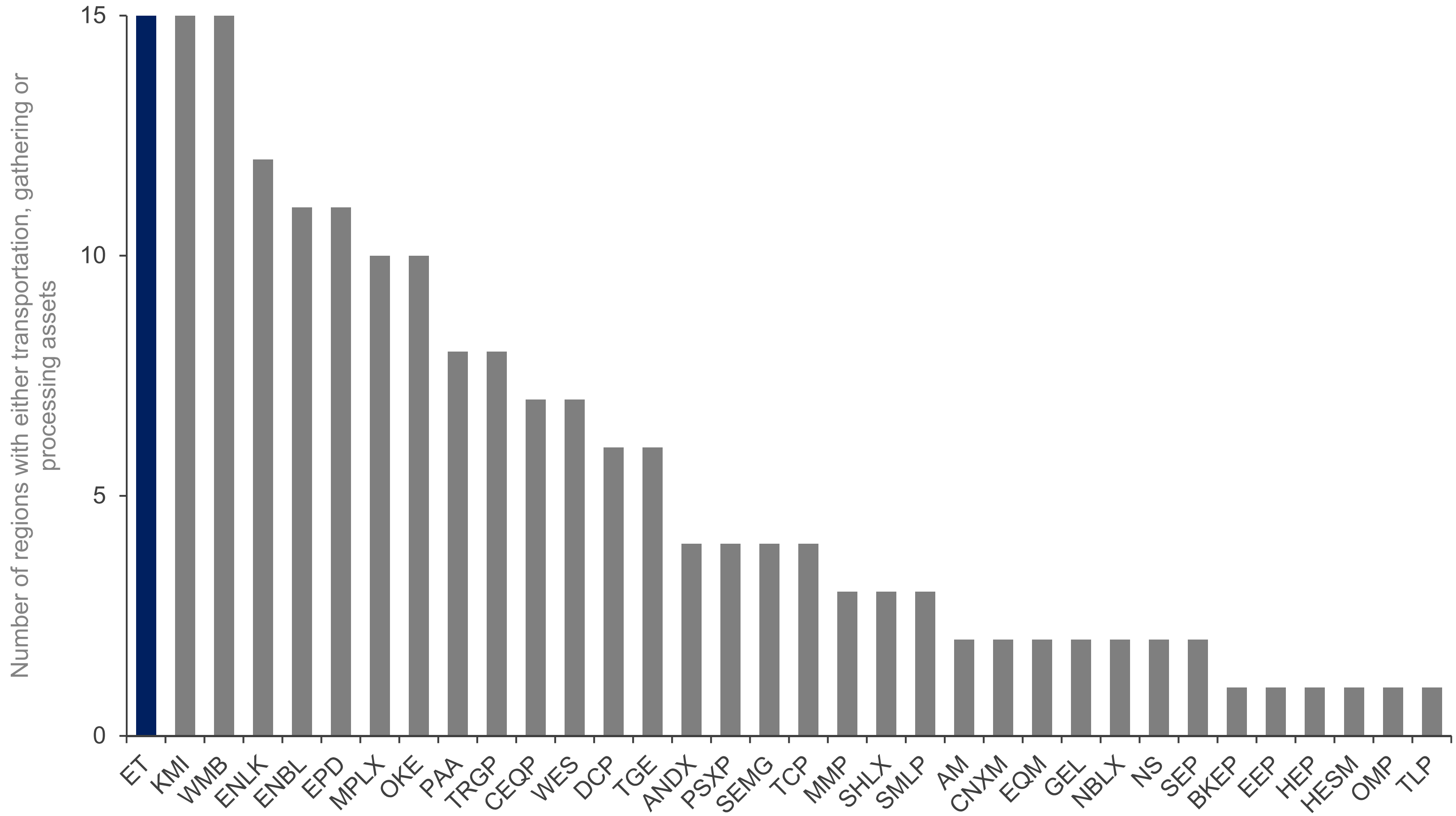


2018E Margin Breakout	
Fee-Based Margin	85-90%
Commodity Margin	5-7%
Spread Margin[2]	5-7%

1 Energy Transfer Operating Segments
2 Spread margin is pipeline basis, cross commodity and time spreads

EXPOSURE TO MAJOR PRODUCING REGIONS

- **Energy Transfer is one of the most geographically diverse midstream companies with leading positions in the majority of the active basins in the U. S**



Anadarko/Hugoton, Bakken/Williston, Barnett, Bossier, Cotton Valley, DJ Basin, Eagle Ford, Granit Wash, Haynesville, Fayetteville, Marcellus, Mississippi Lime, Montney, Niobrara, Offshore oil & gas, Uinta, Utica, Piceance, Pinedale/Jonah, Permian, Powder River, San Juan, SCOOP/STACK, Terryville complex, Woodford/Arkoma

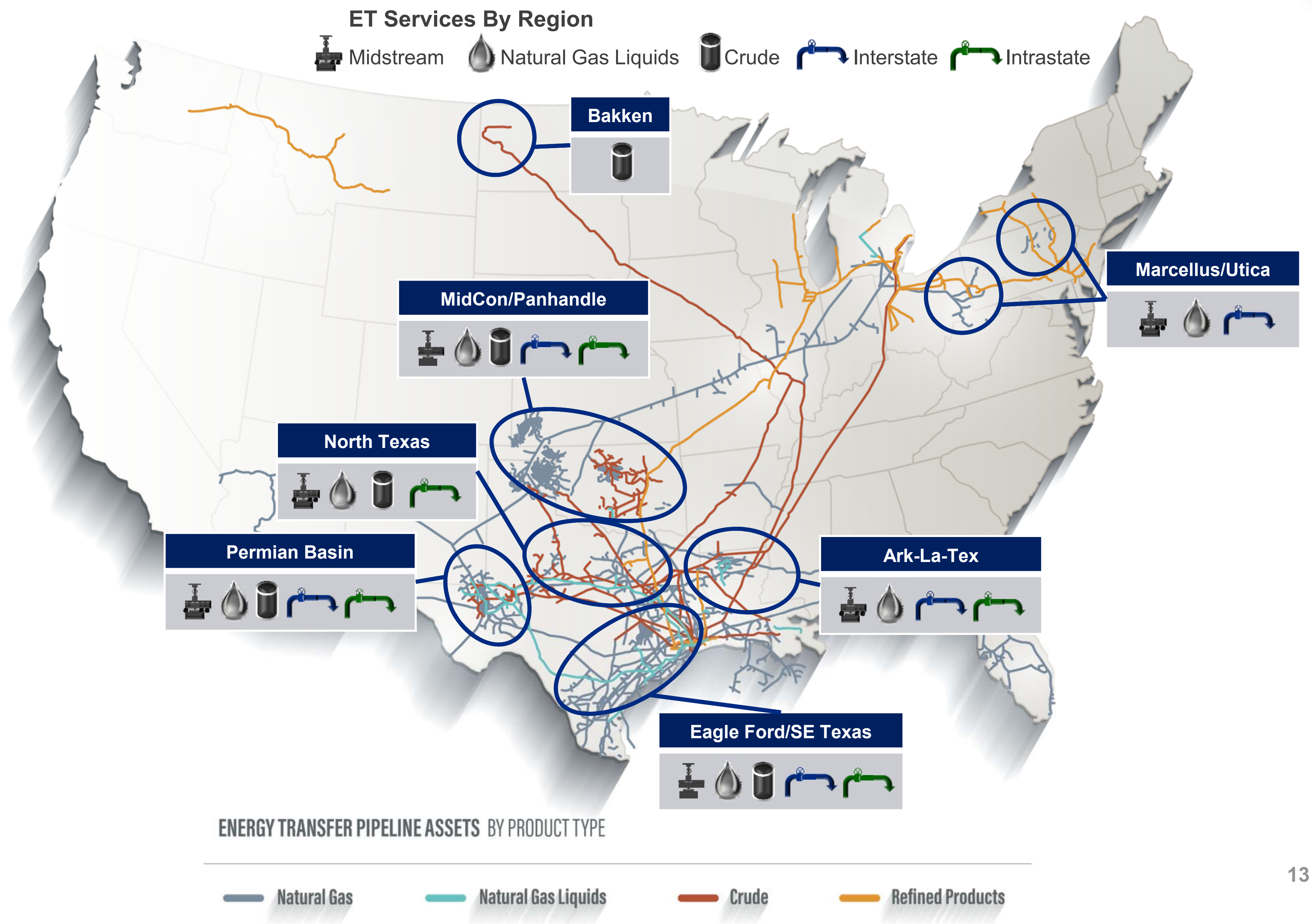
Source: Wells Fargo, November 2018

FULLY INTEGRATED PLATFORM SPANNING THE ENTIRE MIDSTREAM VALUE CHAIN

➤ **Involvement in Major Midstream Themes Across the Best Basins and Logistics Hubs**

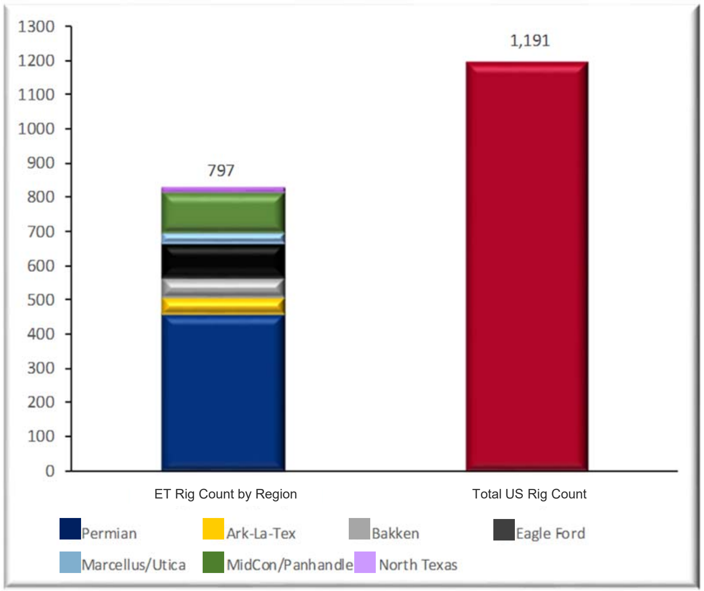
	Franchise Strengths	Opportunities
Interstate Natural Gas T&S	• Access to multiple shale plays, storage facilities and markets • Approximately 95% of revenue from reservation fee contracts • Well positioned to capitalize on changing market dynamics • Key assets: Rover, PEPL, FGT, Transwestern, Trunkline, Tiger	• Marcellus natural gas takeaway to the Midwest, Gulf Coast, and Canada • Backhaul to LNG exports and new petrochemical demand on Gulf Coast
Intrastate Natural Gas T&S	• Well positioned to capture additional revenues from anticipated changes in natural gas supply and demand • Largest intrastate natural gas pipeline and storage system on the Gulf Coast • Key assets: ET Fuel Pipeline, Oasis Pipeline, Houston Pipeline System, ETC Katy Pipeline	• Natural gas exports to Mexico • Additional demand from LNG and petrochemical development on Gulf Coast
Midstream	• ~40,000 miles of gathering pipelines with ~7.3 Bcf/d of processing capacity • Projects placed in-service underpinned by long-term, fee-based contracts	• Gathering and processing build out in Texas and Marcellus/Utica • Synergies with ET downstream assets • Significant growth projects ramping up to full capacity over the next two years
NGL & Refined Products	• World-class integrated platform for processing, transporting, fractionating, storing and exporting NGLs • Fastest growing NGLs business in Mont Belvieu via Lone Star • Liquids volumes from our midstream segment culminate in the ET family's Mont Belvieu / Mariner South / Nederland Gulf Coast Complex • Mariner East provides significant Appalachian liquids takeaway capacity connecting NGL volumes to local, regional and international markets via Marcus Hook	• Increased volumes from transporting and fractionating volumes from Permian/Delaware and Midcontinent basins • Increased fractionation volumes as large NGL fractionation third-party agreements expire • Permian NGL takeaway • New ethane and ethylene export opportunities from Gulf Coast
Crude Oil	• Bakken Crude Oil pipeline supported by long-term, fee-based contracts; expandable to 570,000 bpd with pump station modifications • Significant Permian takeaway abilities with potential to provide the market with ~1 million barrels of crude oil takeaway • ~400,000 barrels per day crude oil export capacity from Nederland • 26 million barrel Nederland crude oil terminal on the Gulf Coast • Bakken crude takeaway to Gulf Coast refineries	• Permian Express 3 expected to provide Midland & Delaware Basin crude oil takeaway to various markets, including Nederland, TX • Permian Express Partners joint venture with ExxonMobil • Also aggressively pursuing larger project to move barrels from the Permian Basin to Nederland, providing shipper capacity to ET storage facilities and header systems

FULLY INTEGRATED SERVICES BY REGION

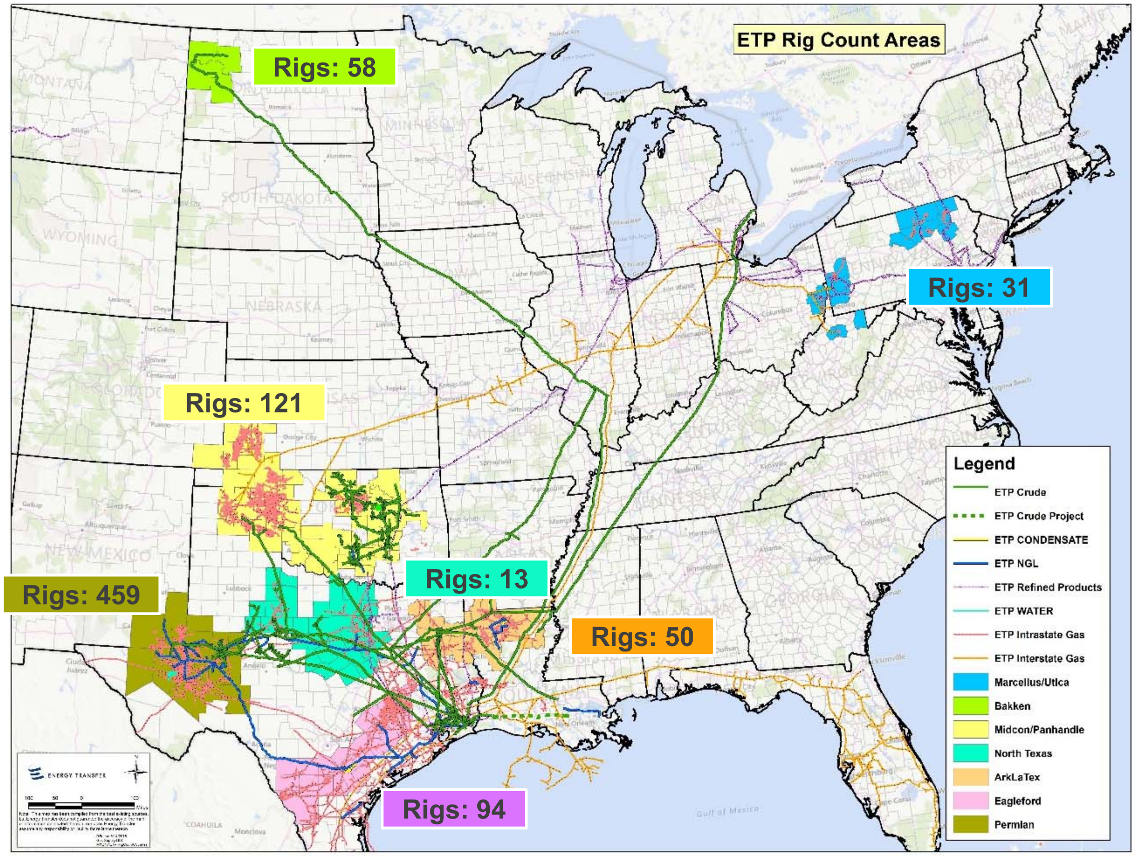


ET ASSETS ALIGNED WITH MAJOR U.S. DRILLING REGIONS

ET Rig Count Vs. Total US Rig Count[1]



ET Rig Count[1] Vs. Lower 48 US Rig Count



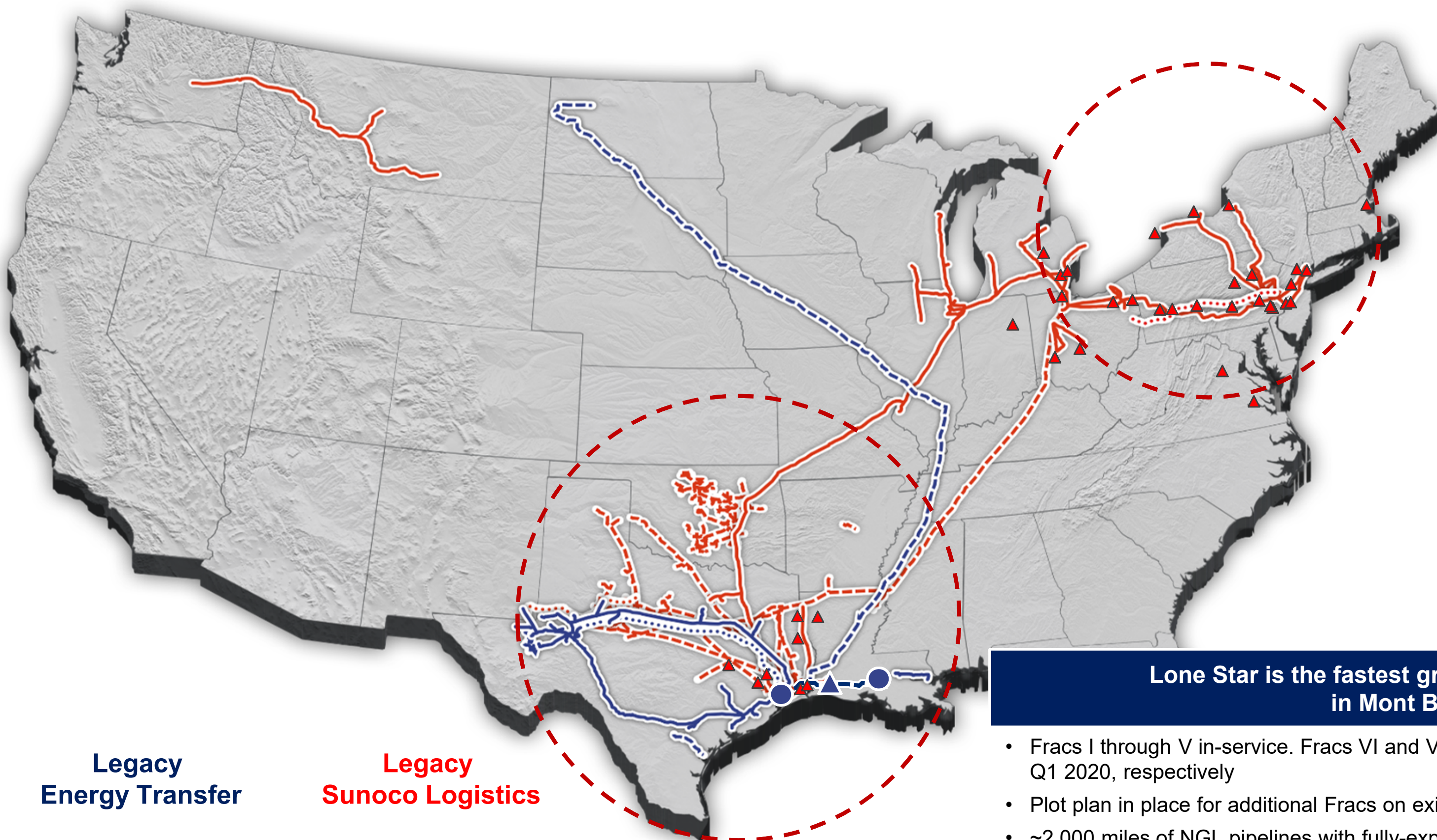
- Significant growth opportunities from bolt-on projects
  - Bolt-on projects are typically lower cost, higher return

ET's gas and crude gathering assets are located in counties where ~70% of total US rigs are currently drilling

(1) Source: Drilling Info; ET rig count includes only rigs operating in counties in which ET has assets/operations. As of 9-4-2018.

FULLY INTEGRATED MIDSTREAM/LIQUIDS PLATFORM ACROSS NORTH AMERICA

The ability to integrate an end-to-end liquids solution will better serve customers and alleviate bottlenecks currently faced by producers



Legacy Energy Transfer

- NGL Pipelines
- Crude Projects[1]
- NGL Projects
- LNG Facilities
- Fractionator

Legacy Sunoco Logistics

- Refined Products/NGL
- Crude
- Growth Projects
- Facility

Marcus Hook: The future Mont Belvieu of the North

- World-class export capabilities via Marcus Hook Industrial Complex
- Logistically and financially advantaged for exports being 1,500 miles closer to Europe, significantly reducing shipping cost.
- Advantaged to local, regional and international markets
- ET's Rover, Revolution and Mariner East systems provide long-term growth potential

Lone Star is the fastest growing NGLs business in Mont Belvieu

- Fracs I through V in-service. Fracs VI and VII expected in-service Q1 2019 and Q1 2020, respectively
- Plot plan in place for additional Fracs on existing footprint
- ~2,000 miles of NGL pipelines with fully-expanded capacity of ~1,300,000 bpd
- Storage capacity of 53 millions barrels
- ~200,000 bpd LPG export terminal
- ET's Lone Star presence in Mont Belvieu, combined with its Nederland terminal, provide opportunities for multiple growth projects
- Potential ethane and ethylene projects delivering Lone Star fractionated products to Nederland for export

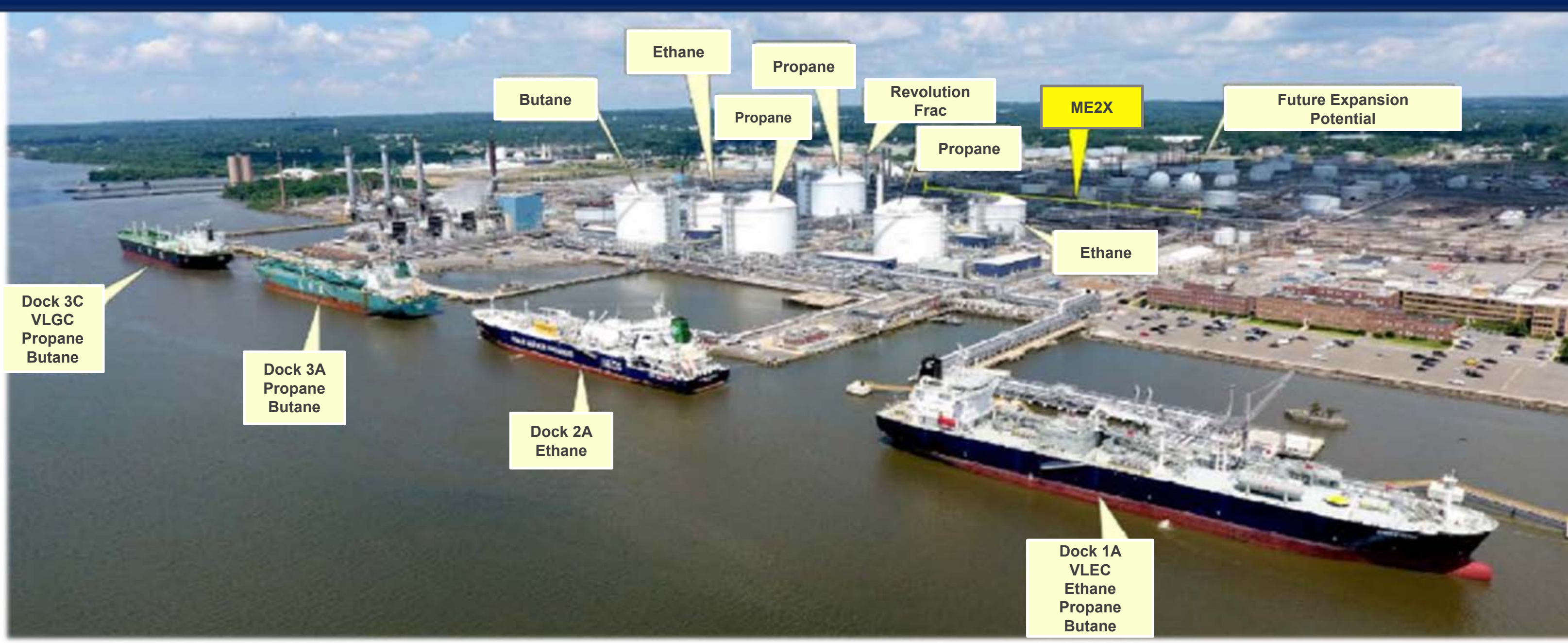
(1) Via joint ventures

MARCUS HOOK INDUSTRIAL COMPLEX: JUST GETTING STARTED

Marcus Hook Overview

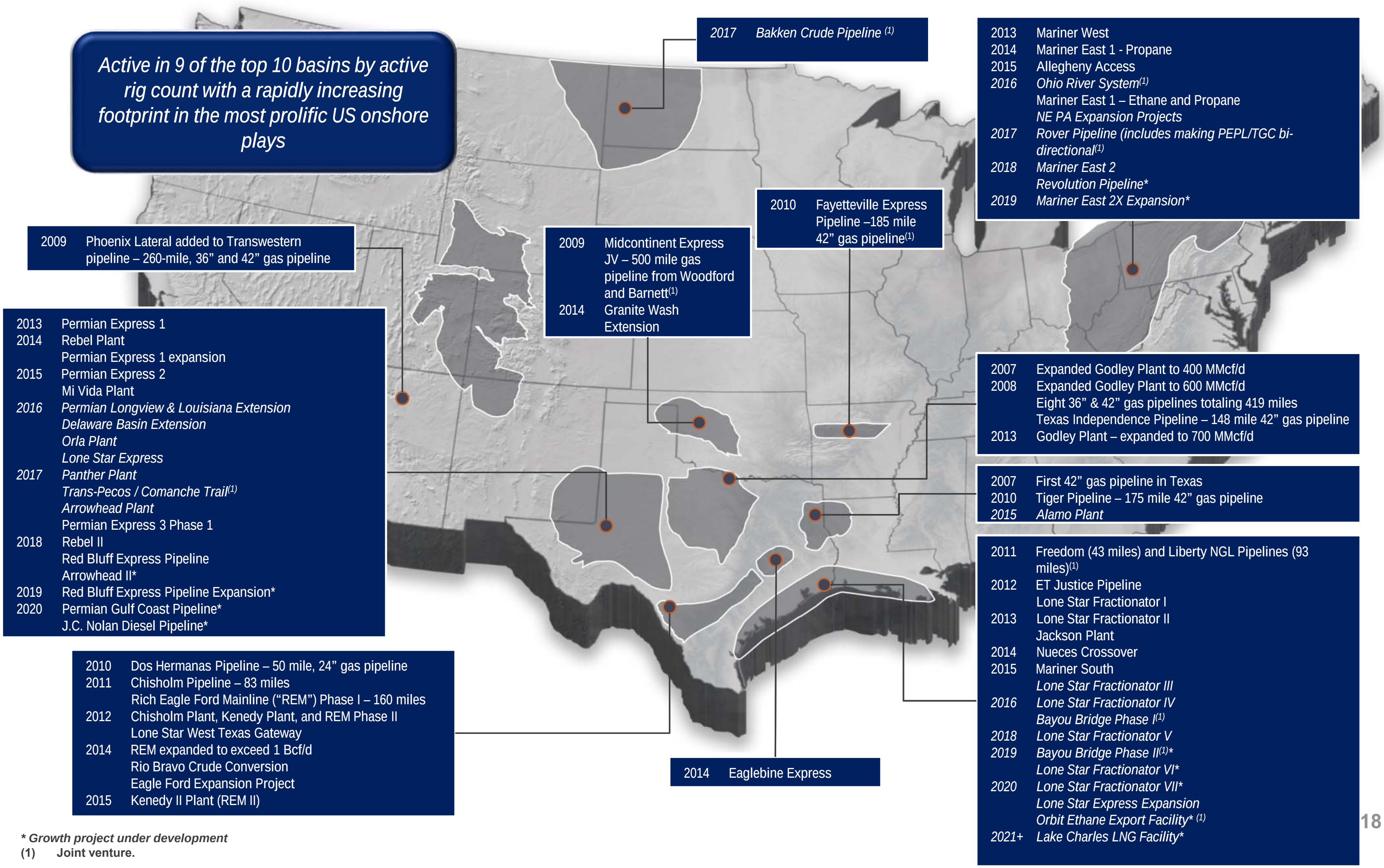
- ~800 acre site: inbound and outbound pipeline along with infrastructure connectivity
- Logistically and financially advantaged for exports being 1,500 miles closer to Europe, significantly reducing shipping cost
- Advantaged to local, regional and international markets
- No ship channel restriction, compared to the Houston Ship Channel
- 4 seaborne export docks can accommodate VLGC sized vessels
- ET's Rover, Revolution and Mariner East systems provide long-term growth potential
- Positioned for further development of exports, processing, storage and manufacturing

Marcus Hook provides flexible, scalable NGL takeaway options for the Marcellus/Utica Basins



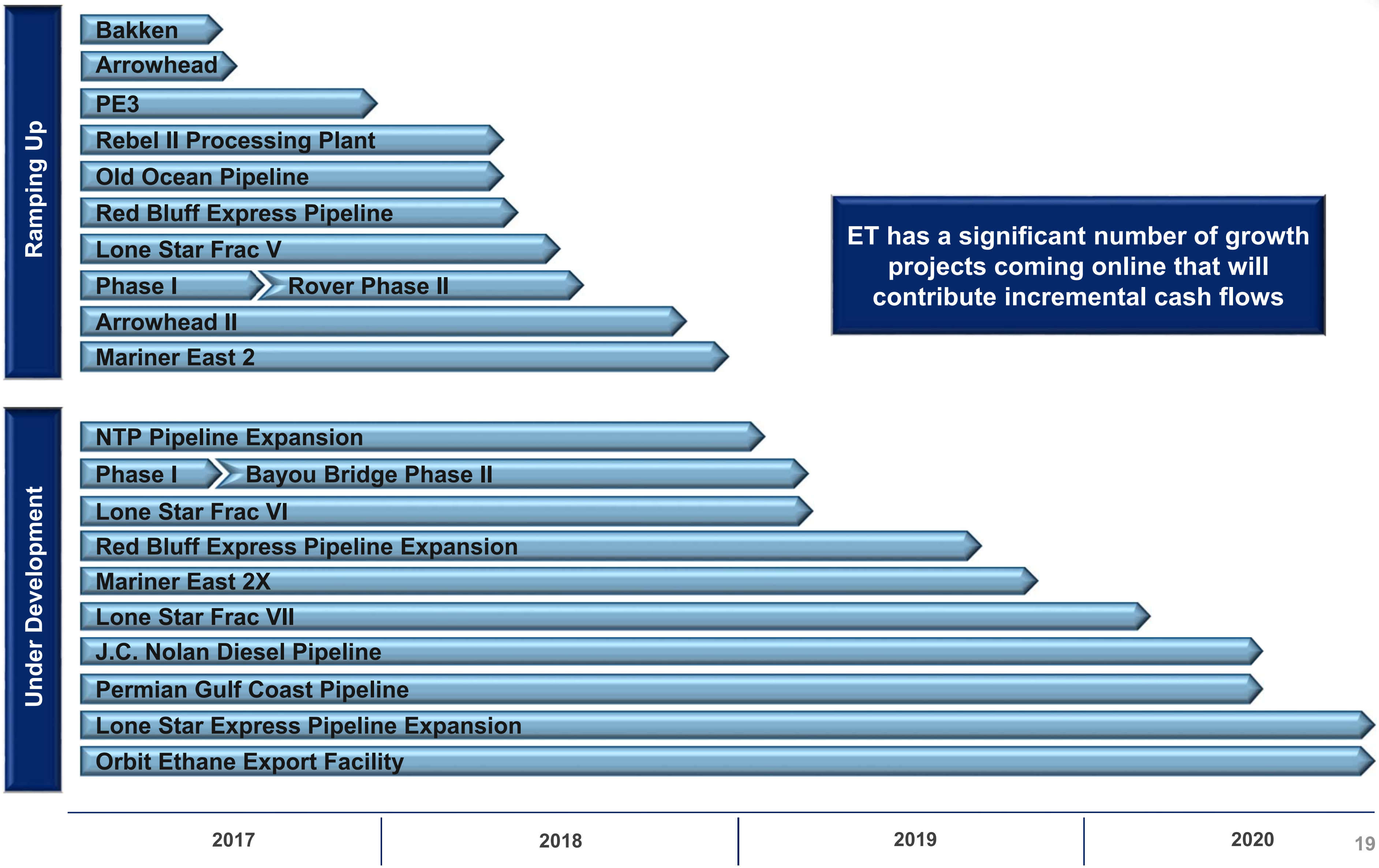
GROWTH FROM ORGANIC INVESTMENTS

ORGANIC GROWTH ENHANCES THE COMBINED ENTITY'S STRONG FOOTHOLD IN THE MOST PROLIFIC PRODUCING BASINS



**** Growth project under development***
(1) Joint venture.

ET PROJECTS PROVIDE VISIBILITY FOR FUTURE EBITDA GROWTH



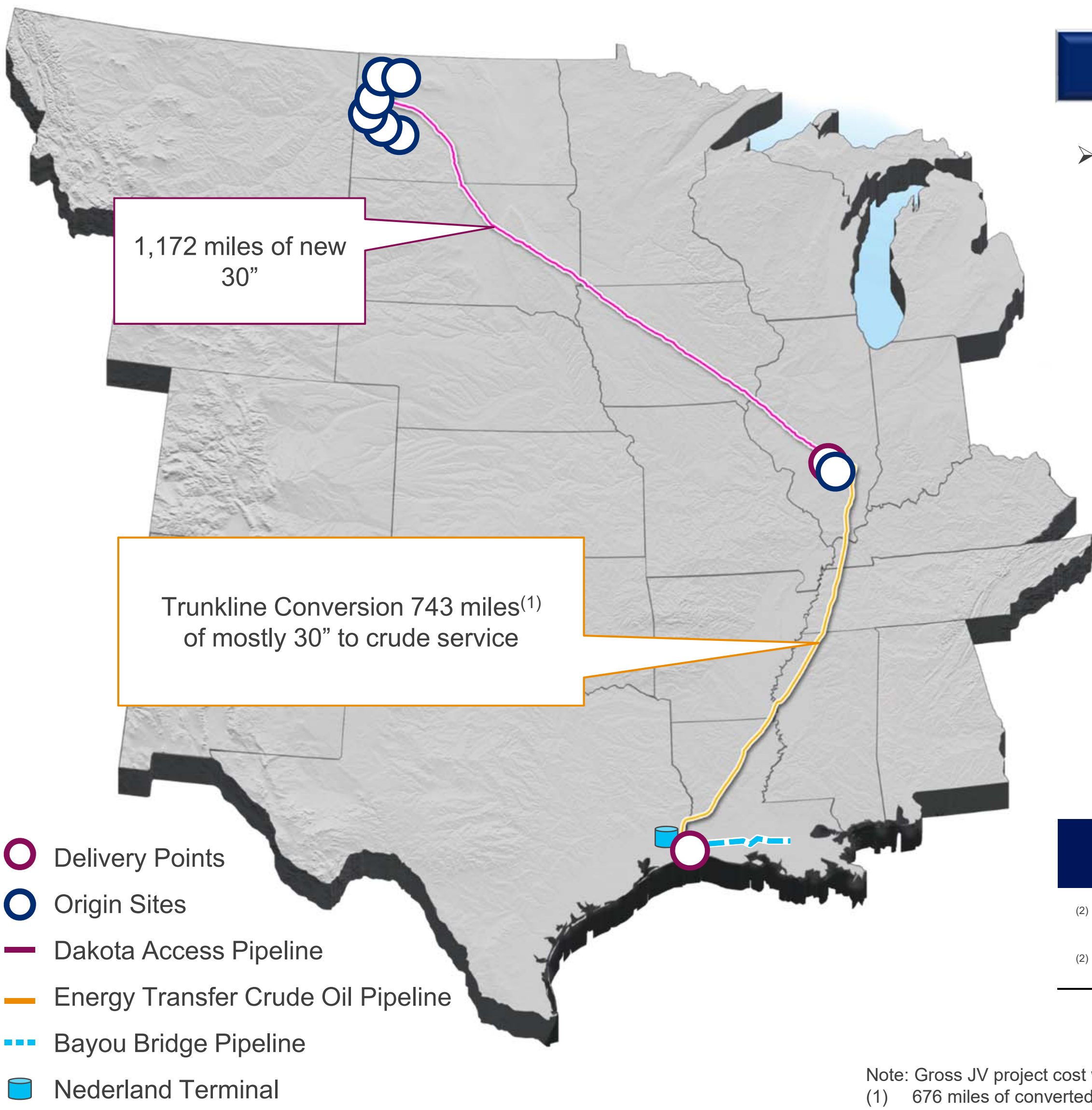
ET has a significant number of growth projects coming online that will contribute incremental cash flows

FORESEE SIGNIFICANT EBITDA GROWTH IN 2019 FROM COMPLETION OF PROJECT BACKLOG

PROJECT	SCOPE	IN-SERVICE TIMING
	NGL & Refined Products	
Lone Star Frac V	Additional 120 Mbpd fractionator at Mont Belvieu complex	In Service July 2018
Lone Star Frac VI	150 Mbpd fractionator at Mont Belvieu complex	Q1 2019
Lone Star Frac VII	150 Mbpd fractionator at Mont Belvieu complex	Q1 2020
Lone Star Express Expansion	24-inch, 352 mile expansion to LS Express Pipeline adding 400,000 bbls/d from Wink,TX to Fort Worth, TX	Q4 2020
Mariner East 2	NGLs from Ohio/PA Marcellus Shale to the Marcus Hook Industrial Complex with 275Mbpd capacity upon full completion of ME2	In Service Q4 2018
Mariner East 2X	Increase NGL takeaway from the Marcellus to the East Coast w/ storage at Marcus Hook complex	Late 2019
J.C. Nolan Diesel Pipeline	30,000 bbls/d diesel pipeline from Hebert, TX to newly-constructed terminal in Midland, TX	Q3 2020
Orbit Ethane Export Terminal	800,000 bbl refrigerated ethane storage tank and 175,000 bbl/d ethane refrigeration facility and 20-inch ethane pipeline to connect Mont Belvieu to export terminal	End of 2020
	Midstream	
Rebel II Processing Plant	200 MMcf/d cryogenic processing plant near existing Rebel plant in Midland Basin	In Service Q2 2018
Revolution	110 miles of gas gathering pipeline, cryogenic processing plant, NGL pipelines, and frac facility in PA	Plant complete; awaiting pipeline restart
Arrowhead II	200 MMcf/d cryogenic processing plant in Midland Basin	In Service Q4 2018
	Crude Oil	
Permian Express 3	Provides incremental Permian takeaway capacity, with total capacity of 140Mbpd	In Service Q4 2017/Sept. 2018
Bayou Bridge(1)	212 mile crude pipeline connecting Nederland to Lake Charles / St. James, LA	Q2 2016/Q1 2019 Completion
Permian Gulf Coast Pipeline(1)	600 mile crude oil pipeline from Permian Basin to Texas Gulf Coast region	Mid-2020
	Interstate Transport & Storage	
Rover Pipeline(1)	712 mile pipeline from Ohio / West Virginia border to Defiance, OH and Dawn, ON	Aug. 31, 2017 – Q2 2018
	Intrastate Transport & Storage	
Old Ocean Pipeline(1)	24-inch, 160,000 Mmbtu/d natural gas pipeline from Maypearl, TX to Hebert, TX	In Service Q2 2018
Red Bluff Express Pipeline	80 mile pipeline with capacity of at least 1.4 bcf/d will connect Orla Plant to the Waha Plant to provide residue takeaway; new extension will add an incremental 25 miles of pipeline	Q2 2018 / 2H 2019
NTP Pipeline Expansion(1)	36-inch natural gas pipeline expansion, providing 160,000 Mmbtu/d of additional capacity from WTX for deliveries into Old Ocean	January 2019

(1) Joint Venture

CRUDE OIL SEGMENT – BAKKEN PIPELINE PROJECT



Project Details

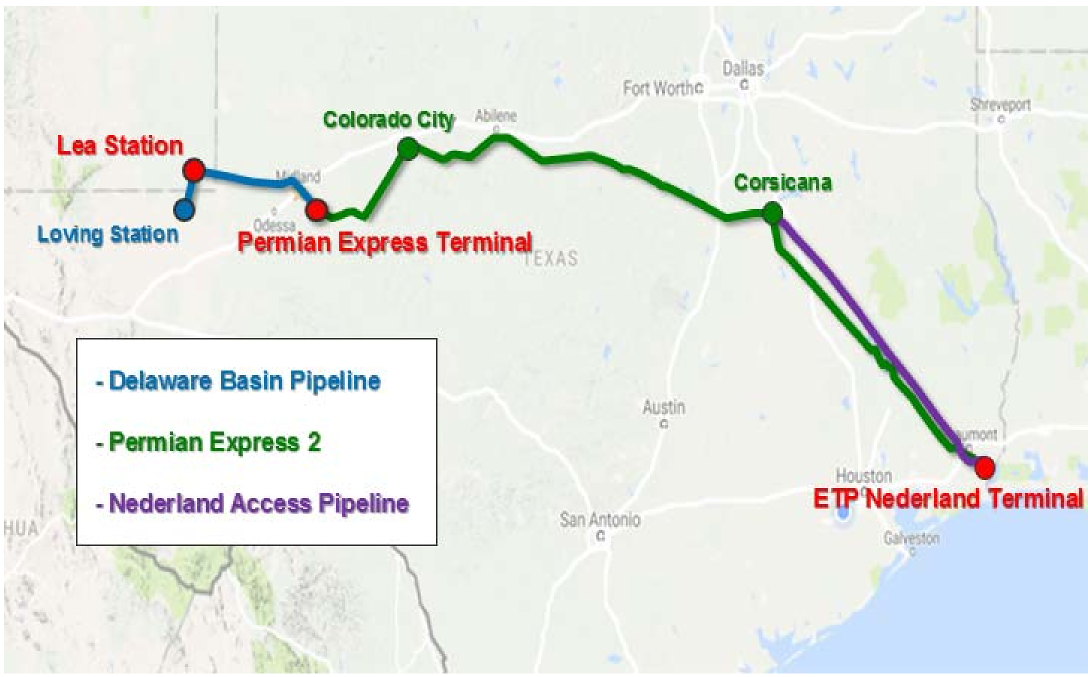
- Dakota Access Pipeline connects Bakken production to Patoka Hub, IL, with interconnection to Energy Transfer Crude Oil Pipeline (Trunkline conversion) to reach Nederland and the Gulf Coast
  - Have commitments, including shipper flexibility and walk-up for an initial capacity of ~470,000 barrels per day
  - Open season in early 2017 increased the total to ~525,000 barrels per day
  - Went into service and began collecting demand charges on the initial committed capacity June 1, 2017
  - Q3 2018 volumes averaged 509,000 barrels
  - Successful open season to fill expansion capacity

Project Name	Asset Type	Miles	Project Cost ($bn)	In-service	Average Contract Duration
(2) Dakota Access	Crude pipelines	1,172	$4.8	June 1, 2017	8.5 yrs
(2) ETCO Pipeline	Crude pipelines	743(1)			

Note: Gross JV project cost where applicable
(1) 676 miles of converted pipeline + 67 miles of new build
(2) Ownership is ET- 36.37%, MarEn-36.75%, PSXP-25%

CRUDE OIL SEGMENT – PERMIAN EXPRESS PROJECTS

Permian Crude Projects

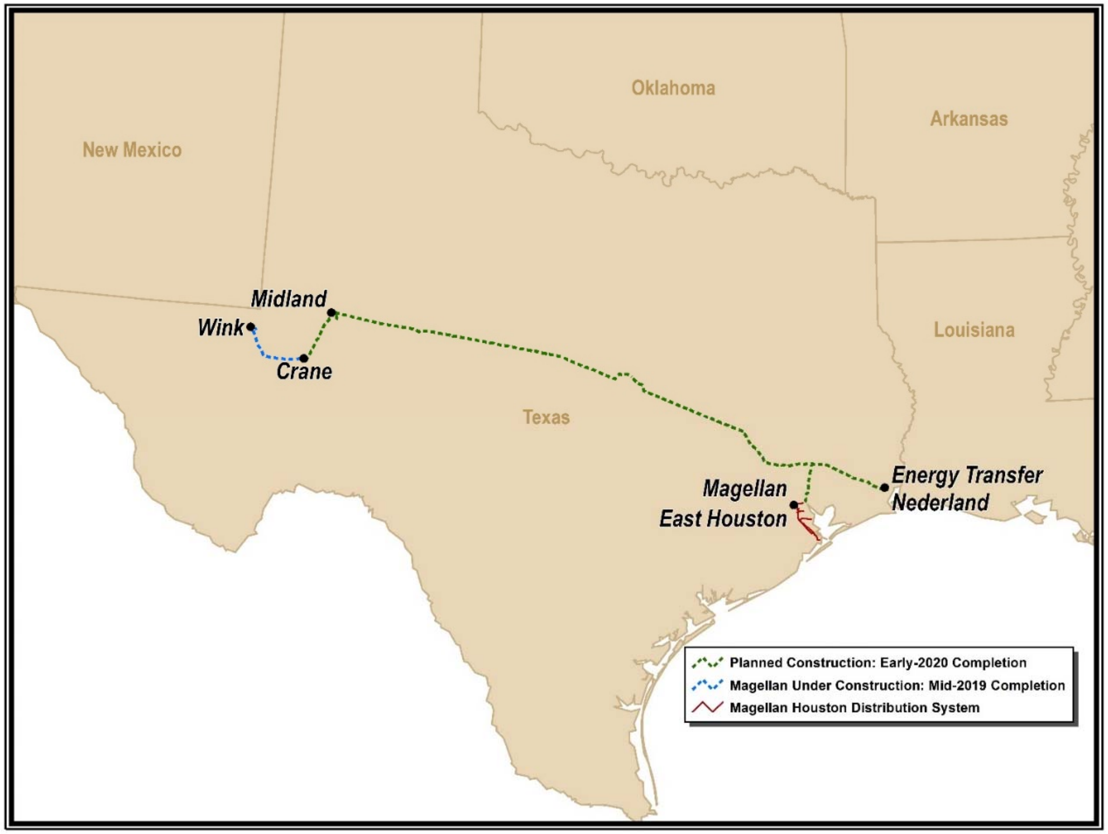


Permian Express 3

- Expected to provide Midland & Delaware Basin producers new crude oil takeaway capacity (utilizing existing pipelines) from this rapidly growing area to multiple markets, including the 26 million barrel ET Nederland, Texas terminal facility
- Placed ~100,000 barrels of capacity into-service in Q4 2017, and remaining capacity went into service September 2018, bringing total capacity to 140,000 barrels per day
- PE1, PE2 and PE3 are all operating at full capacity

CRUDE OIL SEGMENT – PERMIAN GULF COAST PIPELINE

Permian Gulf Coast Pipeline



Permian Gulf Coast Pipeline JV

- Announced joint venture with Magellan Midstream, MPLX and Delek US Holdings to construct crude pipeline to transport crude oil from the Permian Basin to the Texas Gulf Coast region
- 30-inch diameter, 600-mile PGC pipeline expected to be operational mid-2020
- Multiple Texas origins, including Wink, Crane and Midland
- Strategic capability to transport crude oil to both ET's Nederland terminal and Magellan's East Houston terminal for ultimate delivery through their respective distribution systems
- Recently completed open season and have sufficient commitments to move forward
- Intend to launch supplemental open season to accommodate shipper requests for more time to finalize TSAs and obtain management approval

CRUDE OIL SEGMENT – BAYOU BRIDGE PIPELINE

Project Details

- Joint venture between Phillips 66 Partners (40%) and ET (60%, operator)
- 30” Nederland to Lake Charles segment went into service in April 2016
- 24” St. James segment expected Q1 2019 completion
- Light and heavy service
- Project highlights synergistic nature of ET crude platform and creates additional growth opportunities and market diversification

Bayou Bridge Pipeline Map

NGL & REFINED PRODUCTS SEGMENT – MARINER EAST SYSTEM

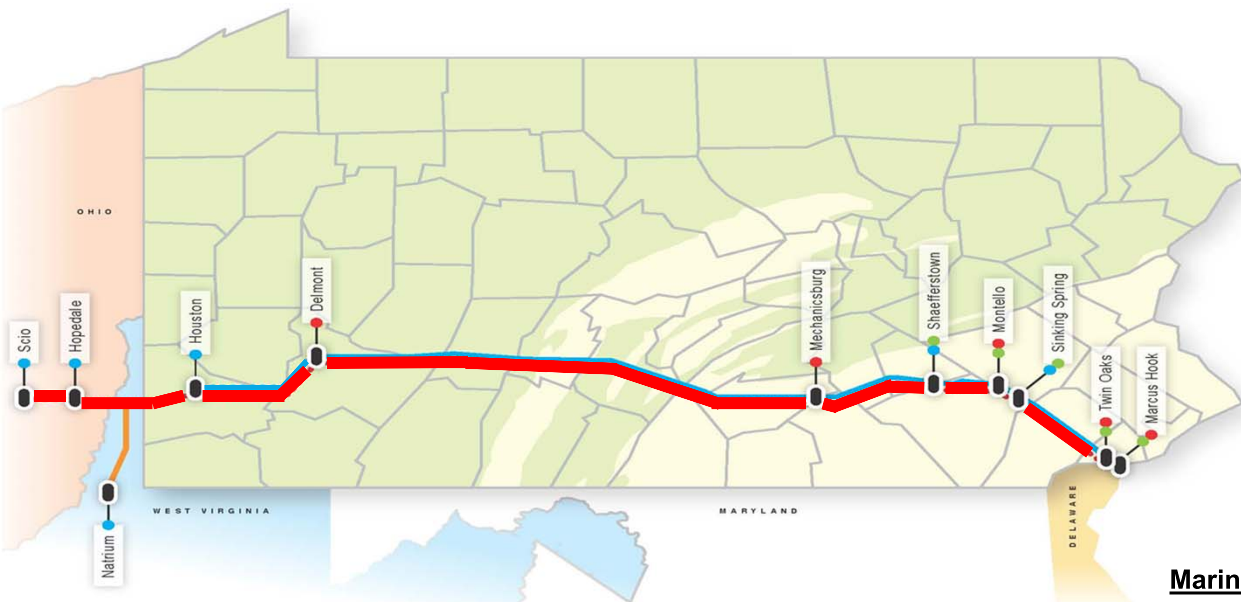
- A comprehensive Marcellus Shale solution reaching local, regional and international markets
- Transports Natural Gas Liquids from OH / Western PA to the Marcus Hook Industrial Complex on the East Coast
- Supported by long-term, fee-based contracts

Mariner East 1:

- Currently in-service for propane & ethane transportation, storage & terminalling services
- Approximate capacity of 70,000 barrels per day

Mariner East 2:

- Placed into initial service December 2018
- NGL transportation, storage & terminalling services
- Capacity of 275,000 barrels per day upon full completion, with ability to expand as needed



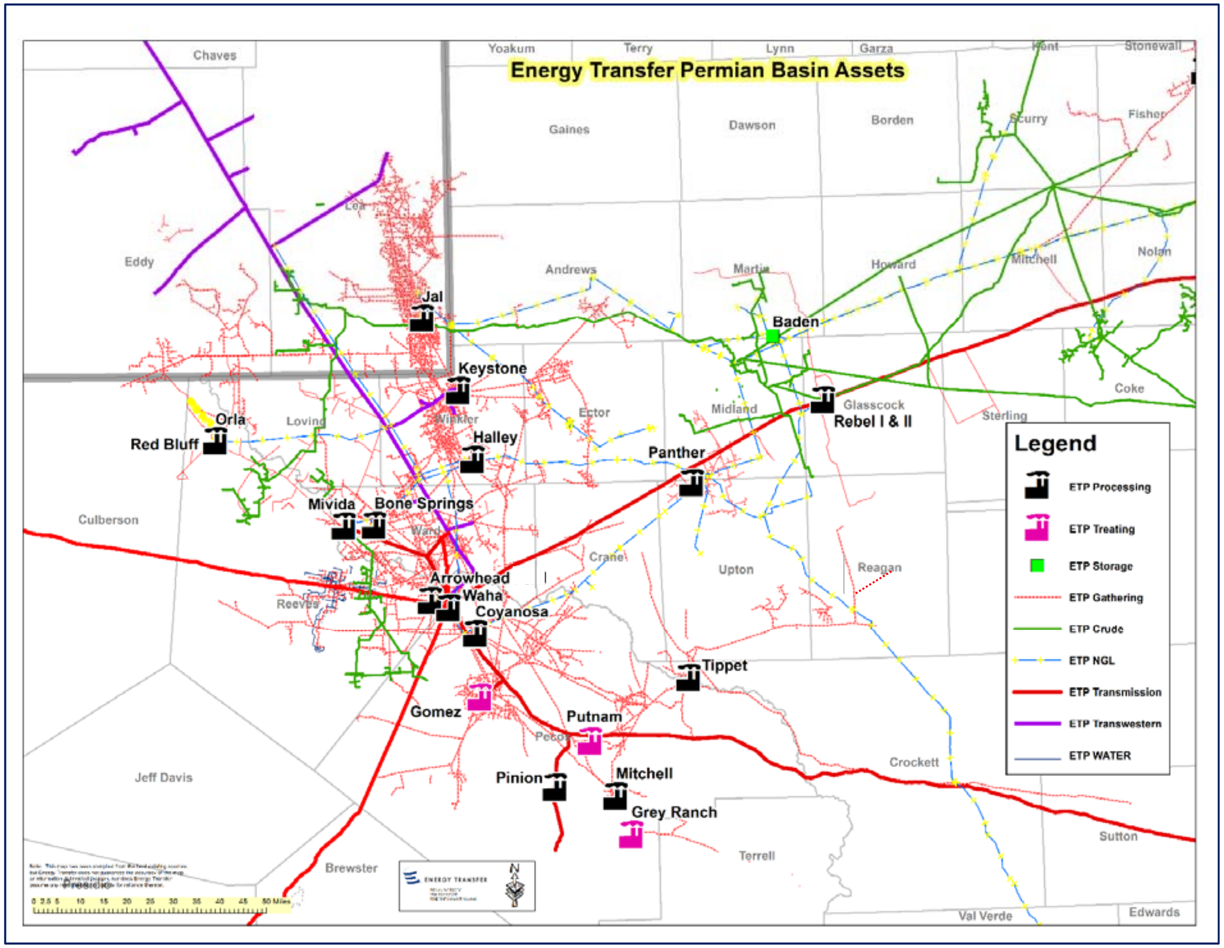
- ME2 Pipeline
- Existing Third Party Pipeline
- ME1 Pipeline
- SXL Terminal Facilities
- Third Party Facility
- Pennsylvania Propane Delivery
- Marcellus Shale Formation

Mariner East 2x:

- Expected to be in-service late 2019
- Transportation, storage and terminalling services for ethane, propane, butane, C3+, natural gasoline, condensate and refined products

MIDSTREAM SEGMENT – PERMIAN BASIN INFRASTRUCTURE BUILDOUT

- ET is nearing capacity in both the Delaware and Midland Basins due to continued producer demand and strong growth outlook in the Permian
- As a result of this demand, ET has continued to build out its Permian infrastructure



Processing Expansions

- 600 mmcf/d of processing capacity online in 2016 and 2017
- 200 mmcf/d Rebel II processing plant went into service at the end of April 2018; expected full by year-end
- 200 mmcf/d Arrowhead II processing plant went into service at end of October 2018; expected full by end of Q1 2019
- Recently approved construction of another 200 MMcf/d processing plant in the Delaware Basin
- Expect to add one to two new processing plants per year in the Midland and Delaware Basins over the next few years as demand remains strong

Red Bluff Express Pipeline

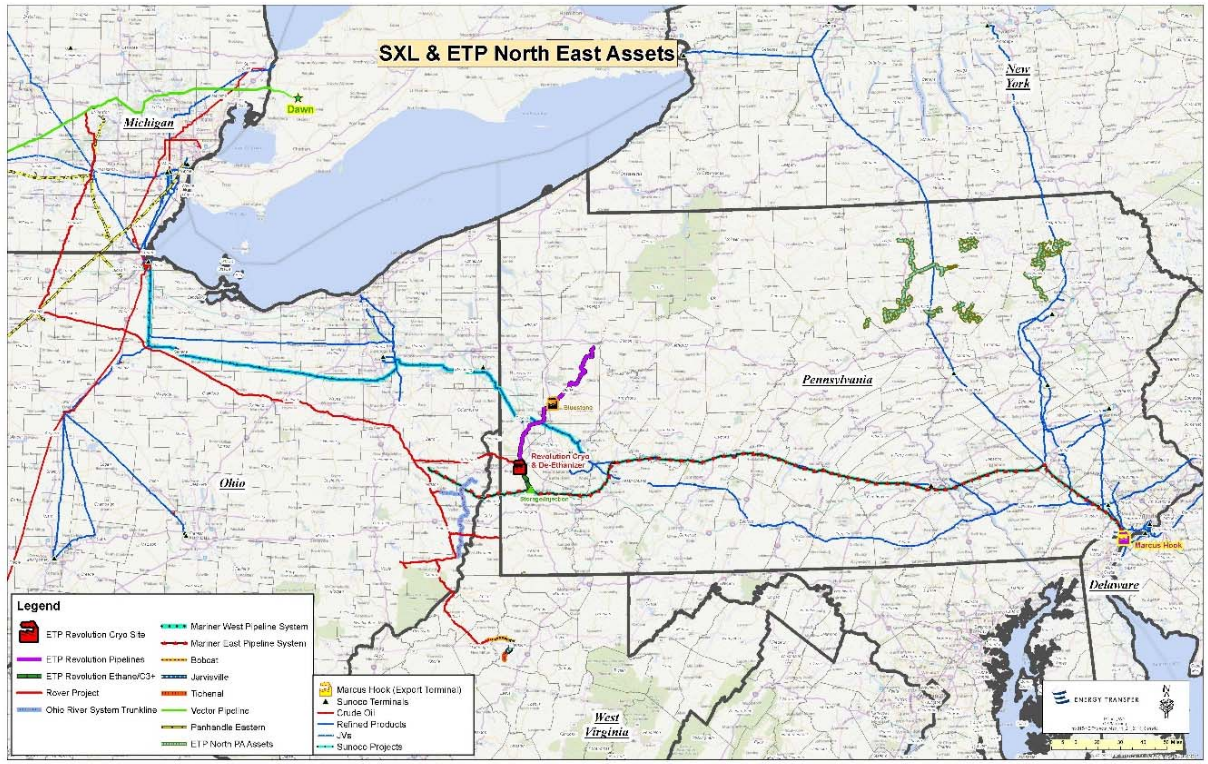
- 1.4 Bcf/d natural gas pipeline through heart of the Delaware Basin
- Connects Orla plant, as well as 3rd party plants, to Waha/Oasis header
- Went into service May 2018
- 25-mile expansion expected in service 2H 2019

MIDSTREAM SEGMENT – REVOLUTION SYSTEM

Project Details

- System is located in Pennsylvania's Marcellus/Upper Devonian Shale rich-gas area
- Rich-gas, complete solution system
- Currently 20 miles of 16" in-service
- Build out assets will include:
  - 110 miles of 20", 24" & 30" gathering pipelines
  - Cryogenic processing plant with de-ethanizer
  - Natural gas residue pipeline with direct connect to Rover pipeline
  - Purity ethane pipeline to Mariner East system
  - C3+ pipeline and storage to Mariner East system
  - Fractionation facility located at Marcus Hook facility
- Multiple customers committed to project, which include volume commitments and a large acreage dedication
- Plant is mechanically complete; awaiting pipeline restart

Revolution Project Map



- *Opportunity to connect Revolution system to Mariner East system to move additional NGL volumes out of the Marcellus / Utica*
- *Potential to increase product flows to Marcus Hook*

INTERSTATE SEGMENT – MARCELLUS/UTICA ROVER PIPELINE

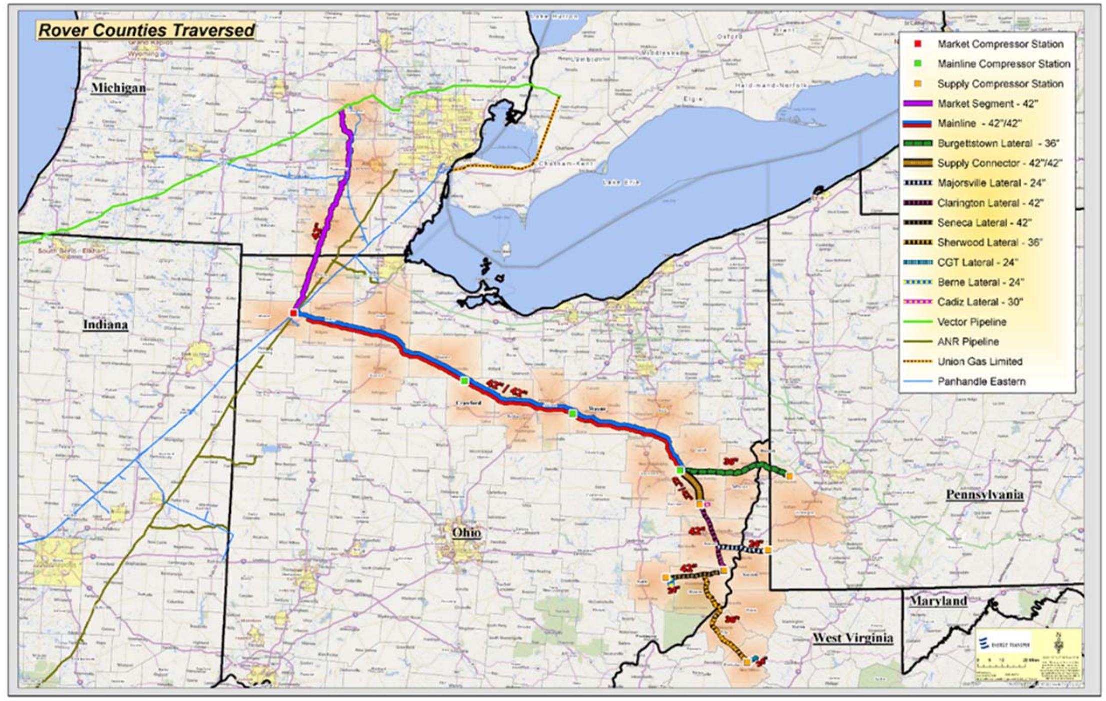
Project Details

- Sourcing natural gas from the Marcellus and Utica shales
- Connectivity to numerous markets in the U.S. and Canada
  - Midwest: Panhandle Eastern and ANR Pipeline near Defiance, Ohio
  - Michigan: MichCon, Consumers
  - Trunkline Zone 1A (via PEPL/Trunkline)
  - Canada: Union Gas Dawn Hub in Ontario, Canada
- 712 miles of new pipeline with capacity of 3.25 Bcf/d
- 3.1 Bcf/d contracted under long-term, fee-based agreements
- 32.56% owned by ET / 32.44% owned by Blackstone / 35% owned by Traverse Midstream Partners LLC[1]

Timeline

- Phase IA began natural gas service on August 31, 2017; Phase IB began natural gas service in mid- December 2017
- Received FERC approval to place additional Phase II facilities into service, allowing for the full commercial operational capability of the Market North Zone segments
- 100% of Rover mainline capacity is in service
- In August 2018, ET received approval to commence service on the Burgettstown and Majorsville supply laterals, allowing for 100% of contractual commitments on Rover to begin September 1, 2018
- Received approval from FERC to place Sherwood / CGT laterals into service November 1, 2018

Rover Project Map



1) On October 31, 2017, ET closed on the previously announced sale of a 32.44% equity interest in an entity holding interest in the Rover Pipeline Project to a fund managed by Blackstone Energy Partners. The transaction was structured as a sale of a 49.9% interest in ET Rover Pipeline, an entity that owned a 65% interest in Rover.

ETE – ETP MERGER

ENERGY TRANSFER

TRANSACTION OVERVIEW

- On October 18, 2018, ETP unitholders voted to adopt the merger agreement, providing for the merger of ETP with ETE for $27 billion in ETE common units
- Based on the results, over 98% of the units that voted, voted in favor of the merger.
- The merger transaction closed on October 19th, and the common units of the combined company, which is now simply Energy Transfer LP, began trading on the NYSE under the ticker symbol "ET"
- Under the terms of the transaction, ETP unitholders received 1.28 ETE common units for each ETP common unit they owned
- As a result, in the transaction, ET issued approximately 1.46 billion units to former ETP unitholders, and with this issuance, ET's current unit count is approximately 2.6 billion common units outstanding
- Transaction creates a more simplified ownership structure and a stronger partnership going forward
- ET unitholders expected to benefit from stronger pro forma cash distribution coverage and reduced cost of capital
- Moody's recently revised Energy Transfer Operating (ETO) (formerly Energy Transfer Partners, L.P.) credit rating to stable

STRATEGIC RATIONALE

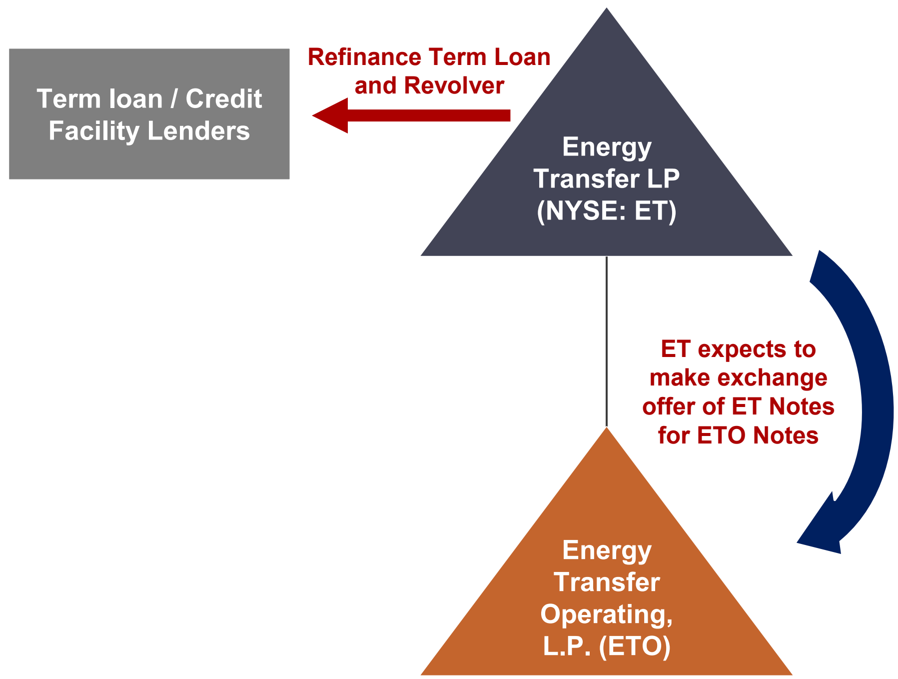
SIMPLIFIES OWNERSHIP STRUCTURE	• Transaction simplified Energy Transfer's corporate structure • Further aligns economic interests within the Energy Transfer family • Responsive to investor sentiment regarding structural evolution of midstream sector
ELIMINATES IDR BURDEN AND IMPROVES COST OF CAPITAL	• Removed the growing IDR burden for ETP and will reduce the cost of equity for the combined entity • Improved cost of capital promotes the ability to compete for organic growth and strategic opportunities
INCREASES RETAINED CASH FLOW AND ENHANCES CREDIT PROFILE	• Increases retained cash flow to accelerate deleveraging – ET pro forma expected to generate \$2.5 – \$3.0 billion of excess retained cash flow per annum – Reduces common and preferred equity funding needs • Expect the pro forma partnership to receive investment-grade credit ratings
LONGER-TERM DISTRIBUTION SUSTAINABILITY	• Increased distribution coverage provides distribution stability and long-term growth prospects – ~1.7x – 1.9x pro forma distribution coverage ratio enhances funding optionality and reduces reliance on capital markets

ENHANCED PRO FORMA BALANCE SHEET AND LIQUIDITY POSITION

CONSERVATIVE AND FLEXIBLE FINANCIAL POLICY

- Expect to maintain ET distribution per unit at current level
- Meaningfully higher retained cash flow to drive further deleveraging
  - ~$2.5 – $3.0 billion per year of distribution coverage expected
  - ~1.7x – 1.9x expected coverage ratio
- Expect to fund majority of growth capex with retained cash flow
- Target leverage metrics consistent with strong investment grade ratings
- Ample liquidity through $6 billion credit facilities to provide balance sheet flexibility

DEBT EXCHANGE OVERVIEW



SIMPLIFIED FINANCIAL STRUCTURE STRENGTHENS BALANCE SHEET AND CREDIT PROFILE AND POSITIONS THE COMPANY FOR FUTURE GROWTH

KEY TAKEAWAYS

Business Diversity	• Diversified business model, together with the geographic diversity of our assets, continues to allow our businesses to demonstrate resiliency. The underlying fundamentals of our business are strong and we believe we are in a great position for growth
Capex Program	• Nearing the conclusion of major project backlog spend, and continue to foresee significant EBITDA growth in 2019 from the completion of these projects • The majority of these projects are backed by long-term, fee-based contracts
Balance Sheet	• Will remain prudent as it relates to the balance sheet, lowering leverage and increasing coverage and liquidity
Family Structure	• Merger of Energy Transfer Equity and Energy Transfer Partners created a more simplified ownership structure, and a stronger partnership going forward
Distribution	• Expect to maintain ET distribution per unit, and significantly increase cash coverage and retained cash flow following the merger of ETE and ETP

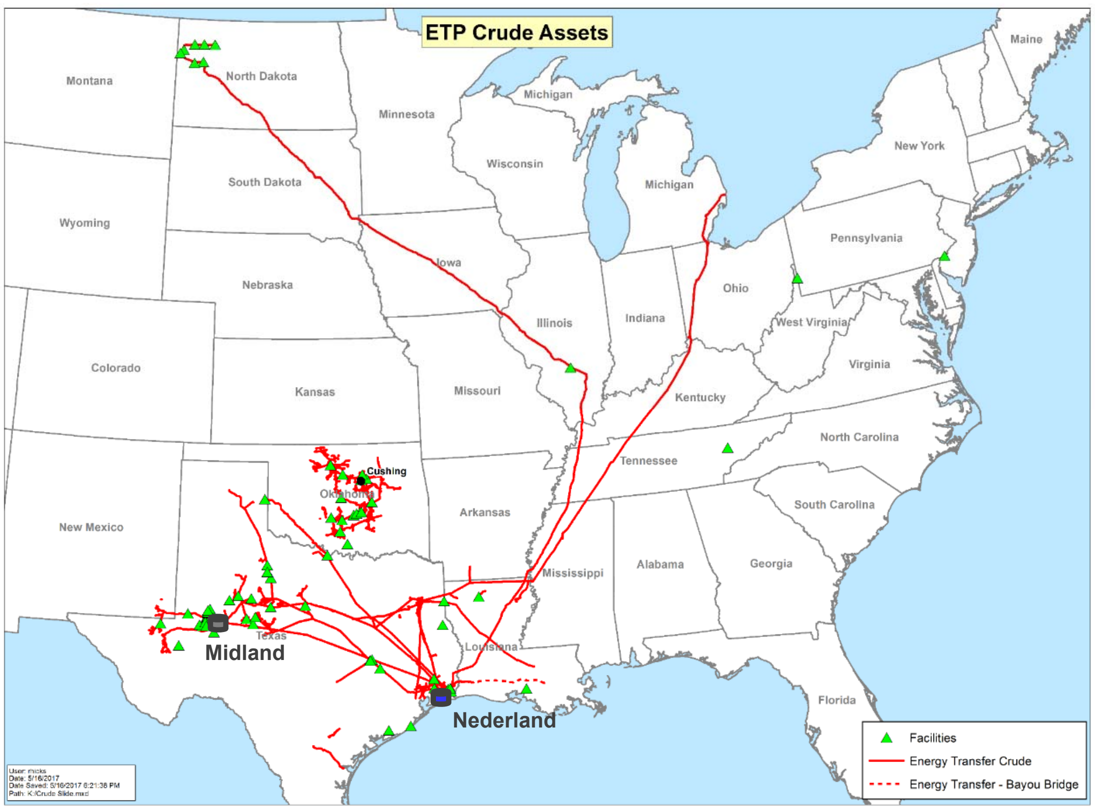
THE NEW ENERGY TRANSFER IS EXPECTED TO BENEFIT FROM A SIMPLIFIED STRUCTURE WITH ENHANCED FINANCIAL FLEXIBILITY AND LOWER COST OF CAPITAL

APPENDIX

CRUDE OIL SEGMENT

Crude Oil Pipelines

- ~9,360 miles of crude oil trunk and gathering lines located in the Southwest and Midwest United States
- Controlling interest in 3 crude oil pipeline systems
  - Bakken Pipeline (~36.37%)
  - Bayou Bridge Pipeline (60%)
  - Permian Express Partners (~88%)



Crude Oil Acquisition & Marketing

- Crude truck fleet of approximately 370 trucks
- Purchase crude at the wellhead from ~3,000 producers in bulk from aggregators at major pipeline interconnections and trading locations
- Marketing crude oil to major pipeline interconnections and trading locations
- Marketing crude oil to major, integrated oil companies, independent refiners and resellers through various types of sale and exchange transactions
- Storing inventory during contango market conditions

Crude Oil Terminals

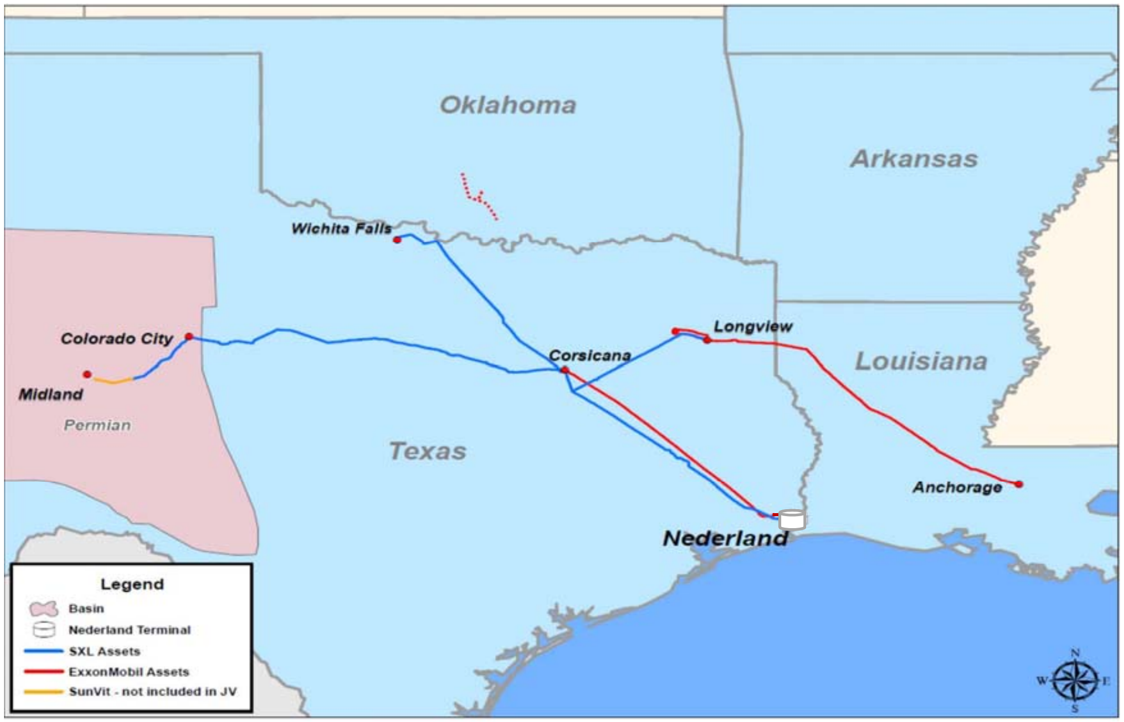
- Nederland, TX Crude Terminal - ~26 million barrel capacity
- Northeast Crude Terminals - ~3 million barrel capacity
- Midland, TX Crude Terminal - ~2 million barrel capacity

ET Opportunities

- Delaware Basin Pipeline has ability to expand by 100 mbpd
- Evaluating Permian Express 4 Expansion Project (formerly PE3 Phase II)
- Aggressively pursuing larger project to move barrels from the Permian Basin to Nederland

CRUDE OIL SEGMENT – PERMIAN EXPRESS PARTNERS

Permian Express Partners



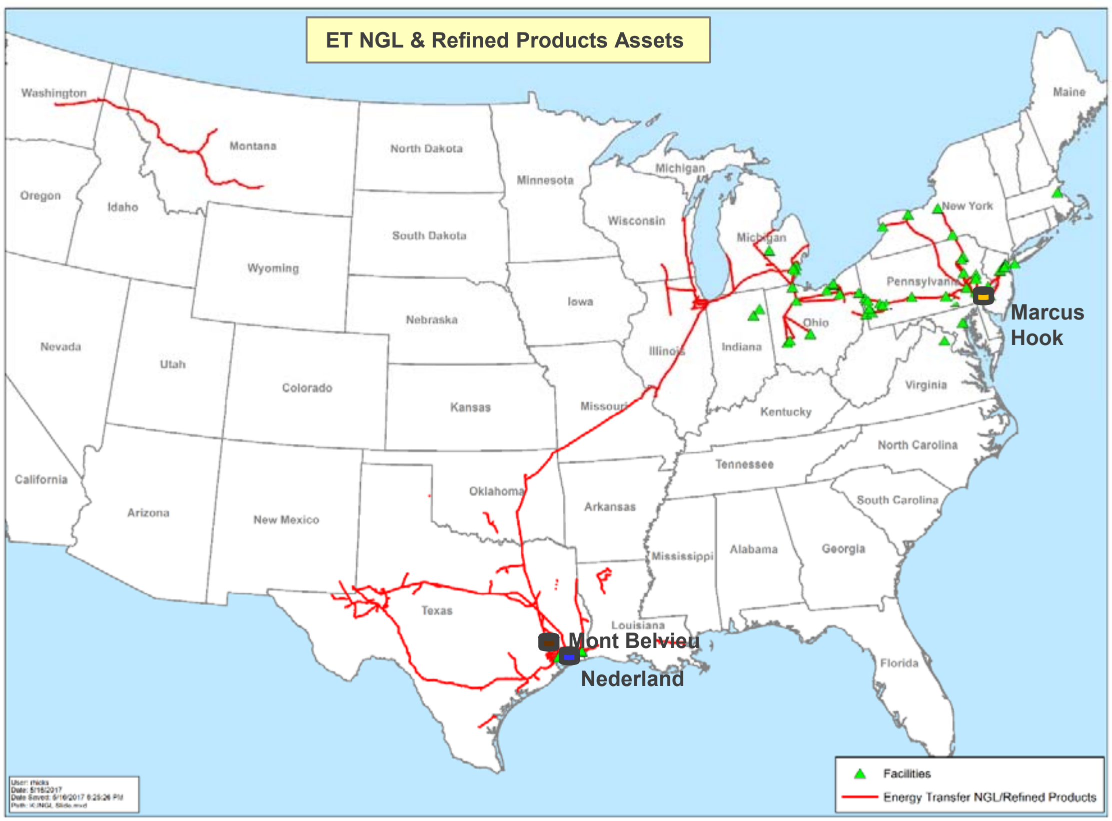
Joint Venture Details

- Strategic joint venture with ExxonMobil (ET owns ~88% and is the operator)
- Combines key crude oil pipeline network of both companies and aligns ET's Permian takeaway assets with ExxonMobil's crude pipeline network

NGL & REFINED PRODUCTS SEGMENT

NGL Storage

- TET Mont Belvieu Storage Hub ~50 million barrels NGL storage, ~600 Mbpd throughput
- 3 million barrel Mont Belvieu cavern under development
- ~7 million barrels of NGL storage at Marcus Hook, Nederland and Inkster
- Hattiesburg Butane Storage ~3 million barrels



Fractionation

- 5 Mont Belvieu fractionators (540+ Mbpd)
- 40 Mbpd King Ranch, 25 Mbpd Geismar
- 50 Mbpd Houston DeEthanizer and 30 to 50 Mbpd Marcus Hook C3+ Frac in service Q4 2017
- 150 Mbpd Frac VI in-service Q1 2019
- 150 Mbpd Frac VI in-service Q1 2020

NGL Pipeline Transportation

- ~4,300 miles of NGL Pipelines throughout Texas and Northeast
- ~ 1,300 Mbpd of raw make transport capacity in Texas
- ~ 1,130 Mbpd of purity NGL pipeline capacity
  - 732 Mbpd on the Gulf Coast
  - 398 Mbpd in the Northeast
- Announced Lone Star expansion
  - 352 mile, 24-inch NGL pipeline
  - In-service Q4 2020

Mariner Franchise

- ~200 Mbpd Mariner South LPG from Mont Belvieu to Nederland
- 50 Mbpd Mariner West ethane to Canada
- 70 Mbpd ME1 ethane and propane to Marcus Hook
- 275 Mbpd[1] ME2 NGLs to Marcus Hook (Placed into initial service Q4 2018)
- ME2X expected in-service late 2019

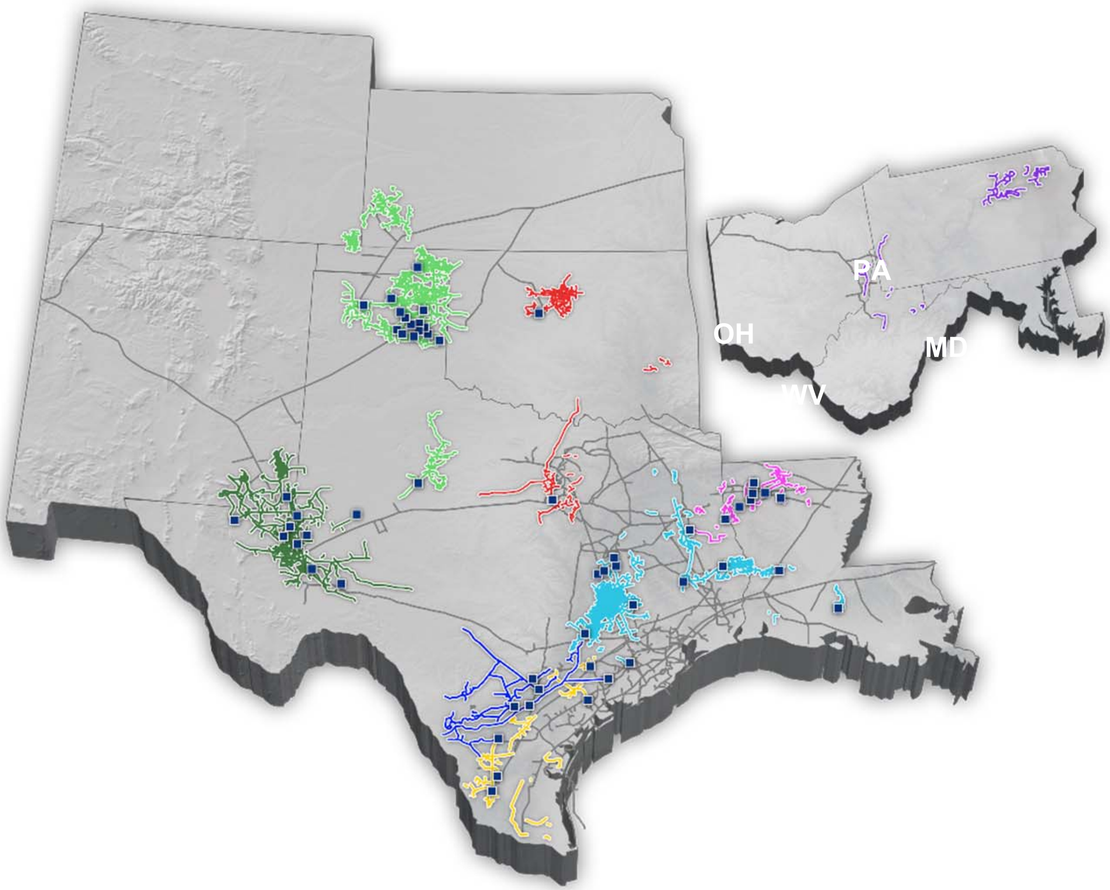
Refined Products

- ~2,200 miles of refined products pipelines in the northeast, Midwest and southwest US markets
- 40 refined products marketing terminals with 8 million barrels storage capacity

(1) Upon full completion

MIDSTREAM ASSETS

Midstream Asset Map



Midstream Highlights

- Volume growth in key regions:
  - Q3 2018 gathered volumes reached a record ~12.8 million mmbtu/d, and NGLs produced were ~583,000 bbls/d, both up substantially over Q3 2017
- Permian Capacity Additions:
  - 200 MMcf/d Rebel II processing plant came online in April 2018
  - 200 MMcf/d Arrowhead II processing plant came online in October 2018
  - Recently approved construction of an additional 200 MMcf/d processing plant in the Delaware Basin
  - Due to continued strong demand in the Permian, expect to add one to two plants per year over the next few years as demand remains strong

Current Processing Capacity

	Bcf/d	Basins Served
Permian	2.3	Permian, Midland, Delaware
Midcontinent/Panhandle	0.9	Granite Wash, Cleveland
North Texas	0.7	Barnett, Woodford
South Texas	1.9	Eagle Ford
North Louisiana	1.0	Haynesville, Cotton Valley
Southeast Texas	0.4	Eagle Ford, Eagle Bine
Eastern	-	Marcellus Utica

More than 40,000 miles of gathering pipelines with ~ 7.3 Bcf/d of processing capacity

INTERSTATE PIPELINE ASSETS

Interstate Asset Map

Interstate Highlights

Our interstate pipelines provide:

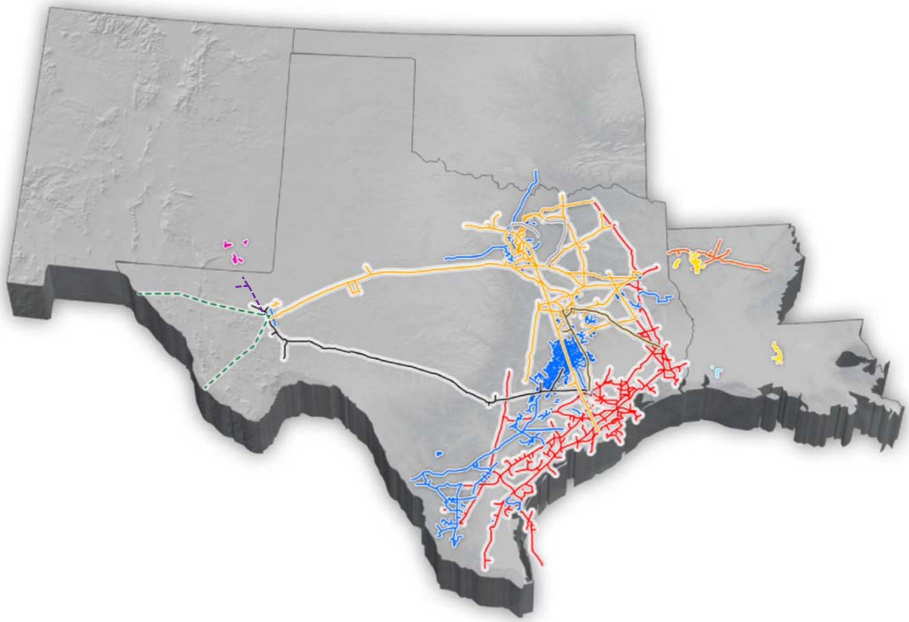
- Stability
  - Approximately 95% of revenue is derived from fixed reservation fees
- Diversity
  - Access to multiple shale plays, storage facilities and markets
- Growth Opportunities
  - Well positioned to capitalize on changing supply and demand dynamics
  - Expect earnings to benefit from placing Rover in full service
  - In addition, expect to receive significant revenues from backhaul capabilities on Panhandle and Trunkline

	PEPL	TGC	TW	FGT	SR	FEP	Tiger	MEP	Gulf States	Rover	Total
Miles of Pipeline	5,980	2,220	2,570	5,360	830	185	195	500	10	713	18,563
Capacity (Bcf/d)	2.8	0.9	2.1	3.1	2.0	2.0	2.4	1.8	0.1	3.3	20.5
Owned Storage (Bcf)	83.9	13	--	--	--	--	--	--	--	--	96.9
Ownership	100%	100%	100%	50%	100%	50%	100%	50%	100%	32.6%	

~18,600 miles of interstate pipelines with ~21Bcf/d of throughput capacity

INTRASTATE PIPELINE ASSETS

Intrastate Asset Map



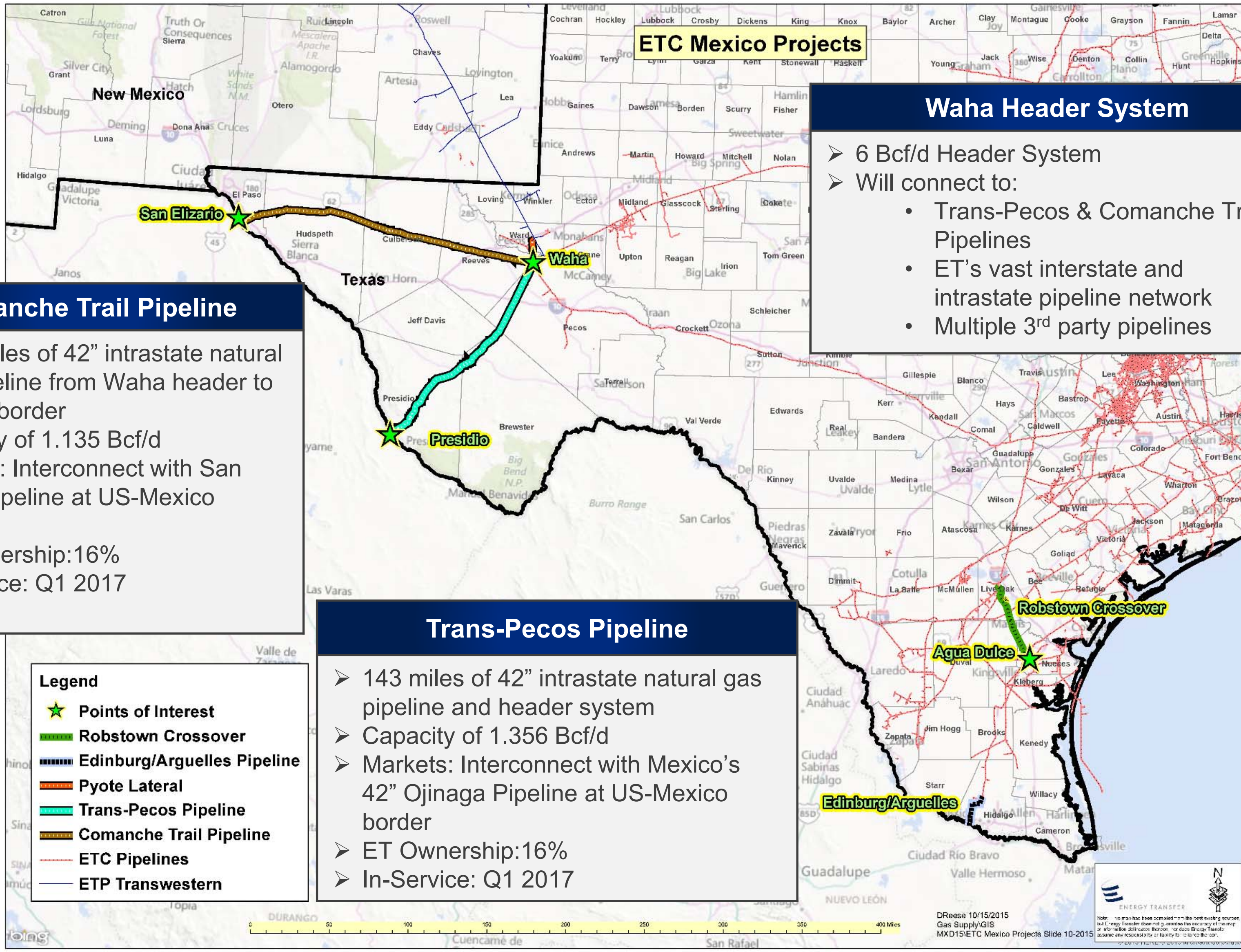
- ***~ 8,700 miles of intrastate pipelines***
- ***~20 Bcf/d of throughput capacity***

Intrastate Highlights

- Continue to expect volumes to Mexico to grow, particularly with the startup of Trans-Pecos and Comanche Trail in Q1 2017, which will result in increased demand for transport services through ET's existing pipeline network
  - Have seen an increase in 3rd party activity on both of these pipes, mostly via backhaul services being provided to the Trans-Pecos header
- Well positioned to capture additional revenues from anticipated changes in natural gas supply and demand in the next five years
- Red Bluff Express Pipeline connects the Orla Plant, as well as 3rd party plants, to the Waha Oasis Header, and went into service in Q2 2018
  - An expansion to Red Bluff Express is expected online in 2H 2019

In Service					
	Capacity (Bcf/d)	Pipeline (Miles)	Storage Capacity (Bcf)	Bi-Directional Capabilities	Major Connect Hubs
Trans Pecos & Comanche Trail Pipelines	2.5	338	NA	No	Waha Header, Mexico Border
ET Fuel Pipeline	5.2	2,780	11.2	Yes	Waha, Katy, Carthage
Oasis Pipeline	1.2	750	NA	Yes	Waha, Katy
Houston Pipeline System	5.3	3,920	52.5	No	HSC, Katy, Aqua Dulce
ETC Katy Pipeline	2.4	460	NA	No	Katy
RIGS	2.1	450	NA	No	Union Power, LA Tech
Red Bluff Express	1.4	100	NA	No	Waha

INTRASTATE SEGMENT – MEXICO (CFE)



Waha Header System

- 6 Bcf/d Header System
- Will connect to:
  - Trans-Pecos & Comanche Trail Pipelines
  - ET's vast interstate and intrastate pipeline network
  - Multiple 3rd party pipelines

Comanche Trail Pipeline

- ~195 miles of 42" intrastate natural gas pipeline from Waha header to Mexico border
- Capacity of 1.135 Bcf/d
- Markets: Interconnect with San Isidro Pipeline at US-Mexico border
- ET Ownership:16%
- In-Service: Q1 2017

Trans-Pecos Pipeline

- 143 miles of 42" intrastate natural gas pipeline and header system
- Capacity of 1.356 Bcf/d
- Markets: Interconnect with Mexico's 42" Ojinaga Pipeline at US-Mexico border
- ET Ownership:16%
- In-Service: Q1 2017

ET NON-GAAP FINANCIAL MEASURES

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.

ET NON-GAAP FINANCIAL MEASURES

Energy Transfer LP
Reconciliation of Adjusted EBITDA

	2015	2016	2017	YTD 9/30/18
Net income	$ 1,061	$ -	$ 2,366	$ 2,513
(Income) loss from discontinued operations	(38)	462	177	265
Interest expense, net	1,622	1,804	1,922	1,511
Gains on acquisitions	-	(83)	-	-
Impairment losses	339	1,040	1,039	-
Income tax expense (benefit)	(123)	(258)	(1,833)	6
Depreciation, depletion and amortization	1,951	2,216	2,554	2,109
Non-cash compensation expense	91	70	99	82
(Gains) losses on interest rate derivatives	18	12	37	(117)
Unrealized (gains) losses on commodity risk management activities	65	136	(59)	255
(Gain) loss on disposal of assets	-	39	-	(14)
Losses on extinguishments of debt	43	-	89	106
Inventory valuation adjustments	67	(97)	(24)	(50)
Impairment of investment in unconsolidated affiliates	-	308	313	-
Equity in (earnings) losses of unconsolidated affiliates	(276)	(270)	(144)	(258)
Adjusted EBITDA related to unconsolidated affiliates	713	675	716	503
Adjusted EBITDA from discontinued operations	228	199	223	(25)
Other, net	(23)	(118)	(155)	(45)
Adjusted EBITDA (consolidated)	$ 5,738	$ 6,135	$ 7,320	$ 6,841

Notes

Certain 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

Definitions

Adjusted EBITDA is a non-GAAP financial measure 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, 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 calculation of Adjusted EBITDA 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.

ETO NON-GAAP FINANCIAL MEASURES

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Segment Margin:				
Intrastate transportation and storage	$ 284	$ 167	$ 722	$ 551
Interstate transportation and storage	395	224	1,039	666
Midstream	622	530	1,768	1,614
NGL and refined products transportation and services	634	483	1,821	1,558
Crude oil transportation and services	944	548	1,954	1,194
All other	25	112	177	290
Intersegment eliminations	(8)	(13)	(23)	(24)
Total segment margin	2,896	2,051	7,458	5,849
Less:				
Operating expenses	632	571	1,863	1,603
Depreciation, depletion and amortization	636	596	1,827	1,713
Selling, general and administrative	123	105	347	335
Operating income	$ 1,505	$ 779	$ 3,421	$ 2,198

Segment Margin is a non-GAAP financial measure and is presented herein to assist in the analysis of segment operating results and particularly to facilitate an understanding of the impacts that changes in sales revenues have on the segment performance measure of Segment Adjusted EBITDA. Segment Margin is similar to the GAAP measure of gross margin, except that Segment Margin excludes charges for depreciation, depletion and amortization.

The above is a reconciliation of Segment Margin to operating income, as reported in the Partnership's consolidated statements of operations.