Energy Transfer LP
Reconciliation of Non-GAAP Measures

	2019	2020	2021	2022	2023	2024			
	Full Year	Full Year	Full Year	Full Year	Full Year	Q1	Q2	Q3	YTD
Net income	$ 4,825	$ 140	$ 6,687	$ 5,868	$ 5,294	$ 1,692	$ 1,992	$ 1,434	$ 5,118
Interest expense, net	2,331	2,327	2,267	2,306	2,578	728	762	828	2,318
Impairment losses and other	74	2,880	21	386	12	-	50	-	50
Income tax expense	195	237	184	204	303	89	227	89	405
Depreciation, depletion and amortization	3,147	3,678	3,817	4,164	4,385	1,254	1,213	1,324	3,791
Non-cash compensation expense	113	121	111	115	130	46	30	37	113
(Gains) losses on interest rate derivatives	241	203	(61)	(293)	(36)	(9)	(3)	6	(6)
Unrealized (gains) losses on commodity risk management activities	5	71	(162)	(42)	(3)	141	(38)	(53)	50
Losses on extinguishments of debt	18	75	38	-	(2)	5	6	-	11
Inventory valuation adjustments (Sunoco LP)	(79)	82	(190)	(5)	114	(130)	32	197	99
Impairment of investment in unconsolidated affiliates	-	129	-	-	-	-	-	-	-
Equity in earnings of unconsolidated affiliates	(302)	(119)	(246)	(257)	(383)	(98)	(85)	(102)	(285)
Adjusted EBITDA related to unconsolidated affiliates	626	628	523	565	691	171	170	181	522
Non-operating litigation-related costs	-	-	-	-	627	-	-	-	-
Gain on sale of Sunoco LP West Texas assets	-	-	-	-	-	-	(598)	-	(598)
Other, net	(54)	79	57	82	(12)	(9)	2	18	11
Adjusted EBITDA (consolidated)	11,140	10,531	13,046	13,093	13,698	3,880	3,760	3,959	11,599
Adjusted EBITDA related to unconsolidated affiliates	(626)	(628)	(523)	(565)	(691)	(171)	(170)	(181)	(522)
Distributable Cash Flow from unconsolidated affiliates	415	452	346	359	485	125	121	127	373
Interest expense, net	(2,331)	(2,327)	(2,267)	(2,306)	(2,578)	(728)	(762)	(828)	(2,318)
Preferred unitholders' distributions	(253)	(378)	(418)	(471)	(511)	(118)	(100)	(72)	(290)
Current income tax (expense) benefit	22	(27)	(44)	(18)	(100)	(22)	(239)	20	(241)
Transaction-related income taxes	(31)	-	-	(42)	-	-	199	(18)	181
Maintenance capital expenditures	(655)	(520)	(581)	(821)	(860)	(135)	(258)	(392)	(785)
Other, net	85	74	68	20	41	37	19	16	72
Distributable Cash Flow (consolidated)	7,766	7,177	9,627	9,249	9,484	2,868	2,570	2,631	8,069
Distributable Cash Flow attributable to Sunoco LP (100%)	(450)	(516)	(542)	(648)	(659)	(171)	(186)	(290)	(647)
Distributions from Sunoco LP	165	165	165	166	173	61	61	60	182
Distributable Cash Flow attributable to USAC (100%)	(222)	(221)	(209)	(221)	(281)	(87)	(85)	(87)	(259)
Distributions from USAC	90	97	97	97	97	24	24	25	73
Distributable Cash Flow attributable to noncontrolling interests in other non-wholly-ownec	(1,113)	(1,015)	(1,113)	(1,240)	(1,352)	(342)	(346)	(364)	(1,052)
Distributable Cash Flow attributable to the partners of Energy Transfer[a]	6,236	5,687	8,025	7,403	7,462	2,353	2,038	1,975	6,366
Transaction-related adjustments	14	55	194	44	116	3	1	15	19
Distributable Cash Flow attributable to the partners of Energy Transfer, as adjusted[a]	$ 6,250	$ 5,742	$ 8,219	$ 7,447	$ 7,578	$ 2,356	$ 2,039	$ 1,990	$ 6,385

Definitions

(a) 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 measures that are computed in accordance with GAAP, such as operating income, net income and cash flows 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 valuation 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 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. The use of Adjusted EBITDA or Adjusted EBITDA related to unconsolidated affiliates as an analytical tool should be limited accordingly.

Adjusted EBITDA is used by management to determine our operating performance and, along with other financial and volumetric data, as internal measures for setting annual operating budgets, assessing financial performance of our numerous business locations, as a measure for evaluating targeted businesses for acquisition and as a measurement component of incentive compensation.

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 investees' distributable cash flow.

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.

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 our 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 our partners, we have reported Distributable Cash Flow attributable to partners, 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 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 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 adjustments and non-recurring expenses that are included in net income are excluded.

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

For the calculation of Distributable Cash Flow, the amounts reflected for (i) Adjusted EBITDA related to unconsolidated affiliates, (ii) Distributable Cash Flow from unconsolidated affiliates, and (iii) Distributable Cash Flow attributable to Sunoco LP exclude Sunoco LP's Adjusted EBITDA and distributable cash flow related to its investment in joint ventures with Energy Transfer, as such amounts are eliminated in the Energy Transfer consolidation.