

Energy Transfer Partners, L.P.
Reconciliation of Non-GAAP Measures
Distributable Cash Flow

	Three Months Ended March 31, 2010
Net income	\$ 240,111
Amortization of finance costs charged to interest	2,291
Deferred income taxes	1,433
Depreciation and amortization	83,276
Non-cash unit-based compensation expense	7,196
(Gains) losses on disposal of assets	1,864
Unrealized (gains) losses on interest rate derivatives	-
Allowance for equity funds used during construction	(1,309)
Unrealized (gains) losses on commodity derivatives not in fair value hedging relationships (including ineffective portion of cash flow hedges)	8,750
Unrealized (gains) losses on commodity derivatives and related hedged inventory in fair value hedging relationships	50,539
Inventory lower of cost or market adjustments	-
Effect of previously recognized inventory hedging and lower of cost or market adjustments on margin	(7,861)
Distributions over (under) equity in earnings, net	10,109
Maintenance capital expenditures	(19,637)
Distributable cash flow	<u>\$ 376,762</u>

	Three Months Ended March 31, 2009	Three Months Ended June 30, 2009	Three Months Ended September 30, 2009	Three Months Ended December 31, 2009	Year Ended December 31, 2009
Net income	\$ 307,167	\$ 150,738	\$ 72,456	\$ 261,181	\$ 791,542
Amortization of finance costs charged to interest	1,990	2,162	2,234	2,259	8,645
Deferred income taxes	6,719	2,984	(6,040)	8,303	11,966
Depreciation and amortization	72,603	76,174	81,684	82,342	312,803
Non-cash unit-based compensation expense	6,801	7,682	6,459	3,090	24,032
(Gains) losses on disposal of assets	426	(181)	1,088	231	1,564
Unrealized (gains) losses on interest rate derivatives	(13,726)	(36,842)	18,241	(19,316)	(51,643)
Allowance for equity funds used during construction	(20,427)	1,839	(30)	8,061	(10,557)
Unrealized (gains) losses on commodity derivatives not in fair value hedging relationships (including ineffective portion of cash flow hedges)	73,169	(27,040)	(13,472)	(14,028)	18,629
Unrealized (gains) losses on commodity derivatives and related hedged inventory in fair value hedging relationships	-	(12,498)	16,361	(52,471)	(48,608)
Inventory lower of cost or market adjustments	44,621	-	9,408	-	54,029
Effect of previously recognized inventory hedging and lower of cost or market adjustments on margin	(23,551)	-	-	(27,292)	(50,843)
Distributions over (under) equity in earnings, net	328	(758)	(5,266)	8,920	3,224
Maintenance capital expenditures	(14,596)	(29,687)	(27,483)	(30,886)	(102,652)
Distributable cash flow	<u>\$ 441,524</u>	<u>\$ 134,573</u>	<u>\$ 155,640</u>	<u>\$ 230,394</u>	<u>\$ 962,131</u>

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	Three Months Ended March 31, 2008	Three Months Ended June 30, 2008	Three Months Ended September 30, 2008	Three Months Ended December 31, 2008	Year Ended December 31, 2008
Net income	\$ 328,335	\$ 165,674	\$ 221,048	\$ 150,966	\$ 866,023
Amortization of finance costs charged to interest	1,074	1,501	1,665	1,646	5,886
Deferred income taxes	2,857	(1,966)	(4,672)	(1,499)	(5,280)
Depreciation and amortization	58,828	62,421	70,508	70,394	262,151
Non-cash unit-based compensation expense	8,086	3,874	2,378	9,143	23,481
(Gains) losses on disposal of assets	1,451	(515)	(2,520)	2,887	1,303
Unrealized (gains) losses on interest rate derivatives	600	(355)	(394)	51,138	50,989
Allowance for equity funds used during construction	(9,888)	(15,660)	(19,727)	(18,701)	(63,976)
Unrealized (gains) losses on commodity derivatives (including ineffective portion of cash flow hedges)	34,225	6,003	(34,390)	(41,366)	(35,528)
Inventory lower of cost or market adjustment	-	-	-	69,512	69,512
Goodwill impairment loss	-	-	-	11,359	11,359
Distributions over (under) equity in earnings, net	1,651	1,658	1,414	898	5,621
Maintenance capital expenditures	(26,011)	(24,563)	(25,357)	(65,035)	(140,966)
Distributable cash flow	<u>\$ 401,208</u>	<u>\$ 198,072</u>	<u>\$ 209,953</u>	<u>\$ 241,342</u>	<u>\$ 1,050,575</u>
	(A)	(B)	(C)	(A) - (B) + (C)	
	Fiscal Year	Four Months	Four Months	Twelve Months	
	Ended August	Ended	Ended	Ended	
	31, 2007	December 31,	December 31,	December 31,	
		2006	2007	2007	
Net income	\$ 676,139	\$ 160,445	\$ 261,824	\$ 777,518	
Amortization of finance costs charged to interest	4,061	1,068	1,435	4,428	
Deferred income taxes	(4,042)	(2,234)	1,003	(805)	
Depreciation and amortization	179,162	48,767	71,333	201,728	
Non-cash unit-based compensation expense	10,471	4,385	8,114	14,200	
(Gains) losses on disposal of assets	6,310	(2,212)	(14,310)	(5,788)	
Unrealized (gains) losses on interest rate derivatives	3,459	2,046	1,032	2,445	
Allowance for equity funds used during construction	(4,948)	-	(7,276)	(12,224)	
Unrealized (gains) losses on commodity derivatives (including ineffective portion of cash flow hedges)	8,501	10,926	(13,201)	(15,626)	
Distributions over (under) equity in earnings, net	(5,161)	(4,743)	4,448	4,030	
Maintenance capital expenditures	(89,226)	(32,007)	(48,998)	(106,217)	
Distributable cash flow	<u>\$ 784,726</u>	<u>\$ 186,441</u>	<u>\$ 265,404</u>	<u>\$ 863,689</u>	

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	Fiscal Year Ended August 31, 2005	Fiscal Year Ended August 31, 2006
Net income	\$ 349,350	\$ 515,852
Amortization of finance costs charged to interest	4,049	2,807
Deferred income taxes	1,289	(3,827)
Depreciation and amortization	92,943	117,415
Non-cash unit-based compensation expense	1,608	7,038
(Gains) losses on disposal of assets	330	(851)
Unrealized (gains) losses on interest rate derivatives	81	(1,118)
Unrealized (gains) losses on commodity derivatives (including ineffective portion of cash flow hedges)	(12,712)	1,076
Distributions over (under) equity in earnings, net	342	479
Gain on sale of discontinued operations, net of income tax expense	(142,469)	-
Loss on extinguishment of debt	9,550	-
Maintenance capital expenditures	(41,045)	(51,826)
Distributable cash flow	<u>\$ 263,316</u>	<u>\$ 587,045</u>

Distributable cash flow is a non-GAAP financial measure. Management believes distributable cash flow provides useful information to investors as a measure of comparison with peer companies, including companies that may have different financing and capital structures. The presentation of distributable cash flow also allows investors to view our performance in a manner similar to the methods used by management and provides additional insight to our operating results.

The Partnership defines distributable cash flow as total partnership earnings, adjusted for certain non-cash amounts recorded in earnings, less maintenance capital expenditures. Non-cash amounts recorded in earnings include depreciation and amortization, deferred taxes, impairment losses, allowance for equity funds used during construction, and unrealized gains and losses. Distributable cash flow also reflects earnings from affiliates on a cash basis.

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.

There are material limitations to using a measure such as distributable cash flow, including the difficulty associated with using it 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. In addition, our calculation of 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.