Management of Energy Transfer LP (ET) will provide this presentation to analysts at meetings to be held on January 15th, 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 KEY INVESTMENT HIGHLIGHTS

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

**Company well positioned for sustainable organic growth**
**WHAT’S NEW**

### Recent Developments
- Successful debt refinancing transaction (Jan. 2019)
- 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)

### 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

### Consistent Growth
With Strong Financial/Operational Performance

- Adj. EBITDA¹
- CAGR ~ 18%
- Q4’18 Consensus
- Q3’18 YTD

### 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

ENERGY TRANSFER LP
(formerly Energy Transfer Equity, L.P.)
(NYSE: ET)

Energy Transfer Operating, L.P.*
(formerly Energy Transfer Partners, L.P.)

- Sunoco LP
  (NYSE: SUN)
- Sunoco Logistics Partners Operations L.P.
- Lake Charles LNG
- LNG Export Project
- USA Compression Partners, LP
  (NYSE: USAC)

Legend:
- Publicly Traded MLP
- Non-economic GP Interest
- 100% LP Interest
- 100% Interest
- Non-Economic GP Interest
- 34.5% Interest
- 100% LP Interests
- 100% IDR
- 48.7% Interest

* Includes ETP Preferred Units
SIGNIFICANT GEOGRAPHIC FOOTPRINT ACROSS THE FAMILY

Recently In-service & Announced Growth Projects

Asset Overview

- 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

- 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

EV / 2019 EBITDA

Source: Bernstein Research, December 2018
Diversified Earnings Mix with Primarily Fee-Based Business

<table>
<thead>
<tr>
<th>Segment</th>
<th>Contract Structure</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Transport &amp; Storage</td>
<td>Fees based on reserved capacity, regardless of usage</td>
<td>Connected to all major U.S. supply basins and demand markets, including exports</td>
</tr>
<tr>
<td>Intrastate Transport &amp; Storage</td>
<td>Reservation charges and transport fees based on utilization</td>
<td>Largest intrastate pipeline system in the US with interconnects to TX markets, as well as major consumption areas throughout the US</td>
</tr>
<tr>
<td>Midstream</td>
<td>Minimum volume commitment (MVC), acreage dedication, utilization-based fees and percent of proceeds (POP)</td>
<td>Significant acreage dedications, including assets in Permian, Eagle Ford, and Marcellus/Utica Basins</td>
</tr>
<tr>
<td>NGL &amp; Refined Products</td>
<td>Fees from dedicated capacity and take-or-pay contracts, storage fees and throughput fees, and fractionation fees, which are primarily frac-or-pay structures</td>
<td>~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 Mbdp</td>
</tr>
<tr>
<td>Crude Oil</td>
<td>Fees from transporting and terminalling</td>
<td>More than 9,300 miles connecting Permian, Bakken and Midcon Basins to U.S. markets, including Nederland terminal</td>
</tr>
</tbody>
</table>

Q3 2018 Segment Margin by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate</td>
<td>21%</td>
</tr>
<tr>
<td>NGL &amp; Refined Products</td>
<td>22%</td>
</tr>
<tr>
<td>Crude Oil</td>
<td>33%</td>
</tr>
<tr>
<td>Interstate</td>
<td>14%</td>
</tr>
<tr>
<td>All Other</td>
<td>10%</td>
</tr>
<tr>
<td>Midstream</td>
<td>21%</td>
</tr>
</tbody>
</table>

2018E Margin Breakout

<table>
<thead>
<tr>
<th>Margin Type</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee-Based Margin</td>
<td>85-90%</td>
</tr>
<tr>
<td>Commodity Margin</td>
<td>5-7%</td>
</tr>
<tr>
<td>Spread Margin²</td>
<td>5-7%</td>
</tr>
</tbody>
</table>

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.


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

<table>
<thead>
<tr>
<th>Franchise Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interstate Natural Gas T&amp;S</strong></td>
<td></td>
</tr>
<tr>
<td>• Access to multiple shale plays, storage facilities and markets</td>
<td></td>
</tr>
<tr>
<td>• Approximate 95% of revenue from reservation fee contracts</td>
<td></td>
</tr>
<tr>
<td>• Well positioned to capitalize on changing market dynamics</td>
<td></td>
</tr>
<tr>
<td>• Key assets: Rover, PEPL, FGT, Transwestern, Trunkline, Tiger</td>
<td></td>
</tr>
<tr>
<td>• Marcellus natural gas takeaway to the Midwest, Gulf Coast, and Canada</td>
<td></td>
</tr>
<tr>
<td>• Backhaul to LNG exports and new petrochemical demand on Gulf Coast</td>
<td></td>
</tr>
</tbody>
</table>

| **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 Services By Region
- Midstream
- Natural Gas Liquids
- Crude
- Interstate
- Intrastate

- Bakken
- MidCon/Panhandle
- North Texas
- Permian Basin
- Ark-La-Tex
- Eagle Ford/SE Texas
- Marcellus/Utica

ENERGY TRANSFER PIPELINE ASSETS BY PRODUCT TYPE

- Natural Gas
- Natural Gas Liquids
- Crude
- Refined Products
ET ASSETS ALIGNED WITH MAJOR U.S. DRILLING REGIONS

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

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
GROWING UNIQUE EXPORT CAPABILITIES

**Nederland Terminal**
- ~1,200 acre site on USGC
- ~1.5 million bbls/d crude export capacity; 200 thousand bbls propane/butane export capacity
- ~28 million bbls crude storage capacity; 1.2 million bbls refrigerated propane/butane storage capacity
- 5 ship docks and 4 barge docks accommodate Suez Max sized ships
- Rail and truck unloading capabilities
- 800 thousand bbls refrigerated ethane storage under construction as part of Orbit export project
- Permian and Mont Belvieu expansions provide future growth opportunities
- Space available for further dock and tank expansion

**Marcus Hook Industrial Complex**
- ~800 acre site: inbound and outbound pipeline along with infrastructure connectivity
- Will have 280 thousand bbls/d NGL export capacity with room for expansion; 65 thousand bbls/d ethane export capacity
- ~2 million bbls underground NGL storage; 3 million bbls above-ground NGL storage; ~1 million bbls crude storage capacity
- 4 seaborne export docks accommodate VLGC sized vessels
- Rover, Revolution and Mariner East systems provide long-term growth potential
- Positioned for further expansion and development of exports, processing, storage and manufacturing

Only logistics provider with export facilities on both the U.S. Gulf Coast and East Coast, providing optionality and security of supply for customers via two world-class export terminals
GROWTH FROM ORGANIC INVESTMENTS
ORGANIC GROWTH ENHANCES THE COMBINED ENTITY’S STRONG FOOTHOLD IN THE MOST PROLIFIC PRODUCING BASINS

Active in 9 of the top 10 basins by active rig count with a rapidly increasing footprint in the most prolific US onshore plays

- 2009 Phoenix Lateral added to Transwestern pipeline – 260-mile, 36” and 42” gas pipeline
- 2013 Permian Express 1
- 2014 Rebel Plant
- 2015 Permian Express 2
- 2016 Permian Longview & Louisiana Extension
- Delaware Basin Extension
- Oil Plant
- Lone Star Express
- 2017 Panther Plant
- Trans-Pecos / Comanche Trail
- Arrowhead Plant
- Permian Express 3 Phase 1
- 2018 Rebel II
- Red Bluff Express Pipeline
- Arrowhead II
- 2019 Red Bluff Express Pipeline Expansion
- 2020 Permian Gulf Coast Pipeline
- J.C. Nolan Diesel Pipeline
- 2010 Dos Hermanas Pipeline – 50 mile, 24” gas pipeline
- 2011 Chisholm Pipeline – 83 miles
- Rich Eagle Ford Mainline (REM) Phase I – 160 miles
- 2012 Chisholm Plant, Kenedy Plant, and REM Phase II
- Lone Star West Texas Gateway
- REM expanded to exceed 1 Bcf/d
- Rio Bravo Crude Conversion
- Eagle Ford Expansion Project
- 2015 Kenedy II Plant (REM II)
- 2017 Bakken Crude Pipeline
- 2019 Mariner East 2X Expansion
- 2017 Eaglebline Express
- 2010 Fayetteville Express Pipeline – 418 mile 42” gas pipeline
- 2019 Mariner East 2
- Revolution Pipeline
- 2018 Mariner East 2
- 2015 Alamo Plant
- 2012 ET Justice Pipeline
- Lone Star Fractionator I
- 2016 Lone Star Fractionator II
- Jackson Plant
- 2013 Lone Star Fractionator III
- Bayou Bridge Phase I
- 2018 Lone Star Fractionator IV
- Bayou Bridge Phase II
- 2020 Lone Star Fractionator V
- Lone Star Express Expansion
- Orbit Ethane Export Facility
- 2021+ Lake Charles LNG Facility

* 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

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

(1) Joint Venture
CRUDE OIL SEGMENT – BAKKEN PIPELINE PROJECT

1,172 miles of new 30”

Trunkline Conversion 743 miles(1) of mostly 30” to crude service

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

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

- 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.
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.
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
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

**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
Growth in rich gas drives Appalachian NGLs production

Note: Outlook is based on full C2 recovery and WTI price forecast of $55/Bbl by 2020, $65/Bbl by 2025; Henry Hub gas price forecast of $3.30/MMBtu by 2020 and $3.70/MMBtu by 2025.
Source: Enkon Energy Advisors (www.enkonenergy.com)
Producer C3+ netbacks (via Marcus Hook) are expected to be significantly higher than other domestic outlets

* Note: Assumes annual escalation of terminal fees (Marcus Hook) and rail fees (Conway, USGC) of 2 percent and 2.5 percent.
Source: Enkon Energy Advisors (www.enkonenergy.com)
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
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

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
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

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

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.
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**

<table>
<thead>
<tr>
<th>SIMPLIFIES OWNERSHIP STRUCTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transaction simplified Energy Transfer’s corporate structure</td>
</tr>
<tr>
<td>• Further aligns economic interests within the Energy Transfer family</td>
</tr>
<tr>
<td>• Responsive to investor sentiment regarding structural evolution of midstream sector</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ELIMINATES IDR BURDEN AND IMPROVES COST OF CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Removed the growing IDR burden for ETP and will reduce the cost of equity for the combined entity</td>
</tr>
<tr>
<td>• Improved cost of capital promotes the ability to compete for organic growth and strategic opportunities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INCREASES RETAINED CASH FLOW AND ENHANCES CREDIT PROFILE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increases retained cash flow to accelerate deleveraging</td>
</tr>
<tr>
<td>– ET pro forma expected to generate $2.5 – $3.0 billion of excess retained cash flow per annum</td>
</tr>
<tr>
<td>– Reduces common and preferred equity funding needs</td>
</tr>
<tr>
<td>• Expect the pro forma partnership to receive investment-grade credit ratings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LONGER-TERM DISTRIBUTION SUSTAINABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increased distribution coverage provides distribution stability and long-term growth prospects</td>
</tr>
<tr>
<td>– ~1.7x – 1.9x pro forma distribution coverage ratio enhances funding optionality and reduces reliance on capital markets</td>
</tr>
</tbody>
</table>
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

Energy Transfer LP (NYSE: ET)

Term loan / Credit Facility Lenders

Refinance Term Loan and Revolver

ET expects to make exchange offer of ET Notes for ETO Notes
THE NEW ENERGY TRANSFER IS EXPECTED TO BENEFIT FROM A SIMPLIFIED STRUCTURE WITH ENHANCED FINANCIAL FLEXIBILITY AND LOWER COST OF CAPITAL

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
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
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 Storage
- TET Mont Belvieu Storage Hub ~50 million barrels NGL storage, ~600 Mbdp 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+ Mbdp)
- 40 Mbdp King Ranch, 25 Mbdp Geismar
- 50 Mbdp Houston DeEthanizer and 30 to 50 Mbdp Marcus Hook C3+ Frac in service Q4 2017
- 150 Mbdp Frac VI in-service Q1 2019
- 150 Mbdp Frac VI in-service Q1 2020

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

### Mariner Franchise
- ~200 Mbdp Mariner South LPG from Mont Belvieu to Nederland
- 50 Mbdp Mariner West ethane to Canada
- 70 Mbdp ME1 ethane and propane to Marcus Hook
- 275 Mbdp 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
More than 40,000 miles of gathering pipelines with ~ 7.3 Bcf/d of processing capacity
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

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

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

- ~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

<table>
<thead>
<tr>
<th>In Service</th>
<th>Capacity (Bcf/d)</th>
<th>Pipeline (Miles)</th>
<th>Storage Capacity (Bcf)</th>
<th>Bi-Directional Capabilities</th>
<th>Major Connect Hubs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trans Pecos &amp; Comanche Trail Pipelines</td>
<td>2.5</td>
<td>338</td>
<td>NA</td>
<td>No</td>
<td>Waha Header, Mexico Border</td>
</tr>
<tr>
<td>ET Fuel Pipeline</td>
<td>5.2</td>
<td>2,780</td>
<td>11.2</td>
<td>Yes</td>
<td>Waha, Katy, Carthage</td>
</tr>
<tr>
<td>Oasis Pipeline</td>
<td>1.2</td>
<td>750</td>
<td>NA</td>
<td>Yes</td>
<td>Waha, Katy, HSC, Katy, Aqua Dulce</td>
</tr>
<tr>
<td>Houston Pipeline System</td>
<td>5.3</td>
<td>3,920</td>
<td>52.5</td>
<td>No</td>
<td>Katy</td>
</tr>
<tr>
<td>ETC Katy Pipeline</td>
<td>2.4</td>
<td>460</td>
<td>NA</td>
<td>No</td>
<td>Union Power, LA Tech</td>
</tr>
<tr>
<td>RIGS</td>
<td>2.1</td>
<td>450</td>
<td>NA</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Red Bluff Express</td>
<td>1.4</td>
<td>100</td>
<td>NA</td>
<td>No</td>
<td>Waha</td>
</tr>
</tbody>
</table>
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
Energy Transfer LP
Reconciliation of Non-GAAP Measures

<table>
<thead>
<tr>
<th>Year</th>
<th>Pro Forma for Margins Q1</th>
<th>Pro Forma for Margins Q2</th>
<th>Pro Forma for Margins Q3</th>
<th>Pro Forma for Margins Q4</th>
<th>YTD</th>
<th>Pro Forma for Margins Q1</th>
<th>Pro Forma for Margins Q2</th>
<th>Pro Forma for Margins Q3</th>
<th>Pro Forma for Margins Q4</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$ 315</td>
<td>$ 420</td>
<td>$ 347</td>
<td>$ 356</td>
<td>$ 1,495</td>
<td>$ 498</td>
<td>$ 631</td>
<td>$ 1,303</td>
<td>$ 2,138</td>
<td>$ 4,215</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ET NON-GAAP FINANCIAL MEASURES

**Fall Income**

- Net income: $482
  - GAAP income: $482

**Energy Transfer LP**

- Reconciliation of Non-GAAP Measures

**Pro Forma for Margins**

- **Fall Income:**
  - Net income: $482
    - GAAP income: $482
  - Adjusted EBITDA: $1,303
  - Distributable cash from unconsolidated affiliates: $347

**Notes**

1. The pro forma numbers reflect the proposed impact of the ET Energy Transfer LP MORSE acquisition. Earnings per share figures reflect the pro forma impact of the ET Energy Transfer LP MORSE acquisition.

2. The pro forma EBITDA and Distributable Cash Flow are calculated in accordance with the Partnership's definitions of adjusted EBITDA and distributable cash flow as discussed in the pro forma financial statements in the preliminary proxy statement filed with the SEC on March 31, 2016.

**Definitions**

- Adjusted EBITDA:

  - Energy Transfer LP: energy transfer, storage, and distribution of liquids and natural gas.

- Distributable Cash Flow:

  - Energy Transfer LP: energy transfer, storage, and distribution of liquids and natural gas.
## ET NON-GAAP FINANCIAL MEASURES

Energy Transfer LP  
Reconciliation of Adjusted EBITDA

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

### 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 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

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.