

**Energy Transfer Partners, L.P.**  
**Reconciliation of Non-GAAP Measures**  
**Adjusted EBITDA**

	(Revised - see *)		
	Three Months Ended March 31, 2010	Three Months Ended June 30, 2010	Three Months Ended September 30, 2010
Net income	\$ 240,111	\$ 42,843	\$ 107,387
Interest expense, net of interest capitalized	104,962	103,014	101,241
Income tax expense	5,924	4,569	1,993
Depreciation and amortization	83,276	83,877	85,612
Non-cash unit-based compensation expense	7,196	7,404	6,822
(Gains) losses on disposal of assets	1,864	(1,385)	(281)
(Gains) losses on non-hedged interest rate derivatives	-	-	11,963
Allowance for equity funds used during construction	(1,309)	(4,298)	(12,432)
Unrealized (gains) losses on commodity risk management activities*	59,289	32,096	(20,703)
Impairment of investment in affiliate	-	52,620	-
Proportionate share of joint ventures' interest, depreciation and allowance for equity funds used during construction	13,446	8,989	(1)
Other, net	(1,033)	5,893	(1,129)
Adjusted EBITDA	<u>\$ 513,726</u>	<u>\$ 335,622</u>	<u>\$ 280,472</u>

	(Revised - see *)				
	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
Interest expense, net of interest capitalized	82,045	100,680	101,503	110,046	394,274
Income tax expense (benefit)	6,932	4,559	(2,897)	4,183	12,777
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
(Gains) losses on non-hedged interest rate derivatives	(13,726)	(36,842)	18,241	(6,912)	(39,239)
Allowance for equity funds used during construction	(20,427)	1,839	(30)	8,061	(10,557)
Unrealized (gains) losses on commodity risk management activities*	73,169	(39,538)	2,889	(66,500)	(29,980)
Proportionate share of joint ventures' interest, depreciation and allowance for equity funds used during construction	-	2,953	6,698	12,680	22,331
Other, net	(1,067)	100	(3,433)	2,243	(2,157)
Adjusted EBITDA	<u>\$ 513,923</u>	<u>\$ 268,164</u>	<u>\$ 284,658</u>	<u>\$ 410,645</u>	<u>\$ 1,477,390</u>

	(Revised - see *)				
	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
Interest expense, net of interest capitalized	55,549	68,416	67,792	73,944	265,701
Income tax expense (benefit)	5,862	10,042	(7,150)	(2,074)	6,680
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
(Gains) losses on non-hedged interest rate derivatives	600	(355)	(394)	51,137	50,988
Allowance for equity funds used during construction	(9,888)	(15,660)	(19,727)	(18,701)	(63,976)
Unrealized (gains) losses on commodity risk management activities*	34,225	6,003	(34,390)	(41,366)	(35,528)
Goodwill impairment loss	-	-	-	11,359	11,359
Other, net	(8,349)	(1,942)	804	181	(9,306)
Adjusted EBITDA	<u>\$ 474,699</u>	<u>\$ 297,958</u>	<u>\$ 298,349</u>	<u>\$ 307,870</u>	<u>\$ 1,378,876</u>

	(Revised - see *)			
	(A) Fiscal Year Ended August 31, 2007	(B) Four Months Ended December 31, 2006	(C) Four Months Ended December 31, 2007	(A) - (B) + (C) Twelve Months Ended December 31, 2007
Net income	\$ 676,139	\$ 160,445	\$ 261,824	\$ 777,518
Interest expense, net of interest capitalized	175,563	54,946	66,298	186,915
Income tax expense	13,658	3,120	10,789	21,327
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)
(Gains) losses on non-hedged interest rate derivatives	(31,032)	1,319	1,013	(31,338)
Allowance for equity funds used during construction	(4,948)	-	(7,276)	(12,224)
Unrealized (gains) losses on commodity risk management activities*	8,501	10,926	(13,201)	(5,626)
Other, net	(2,019)	(3,477)	5,202	6,660
Adjusted EBITDA	<u>\$ 1,031,805</u>	<u>\$ 278,219</u>	<u>\$ 389,786</u>	<u>\$ 1,143,372</u>

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**Reconciliation of Non-GAAP Measures**  
**Adjusted EBITDA**

	(Revised - see *)	
	Fiscal Year Ended August 31, 2005	Fiscal Year Ended August 31, 2006
Net income	\$ 349,350	\$ 515,852
Interest expense, net of interest capitalized	93,017	113,857
Income tax expense	7,295	25,920
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 commodity risk management activities*	(12,712)	1,076
Gain on sale of discontinued operations, net of income tax expense	(142,469)	-
Loss on extinguishment of debt	9,550	-
Other, net	1,613	(14,620)
Adjusted EBITDA	<u>\$ 400,525</u>	<u>\$ 765,687</u>

Adjusted EBITDA is a non-GAAP financial measure. Management believes Adjusted EBITDA provided 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 Adjusted EBITDA also allows investors to view our performance in a manner similar to the methods used by management and provides additional insight into our operating results.

The Partnership defines Adjusted EBITDA as total partnership earnings before interest, taxes, depreciation, 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, and other non-operating income or expense items. 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).

Adjusted EBITDA is used by management to determine our operating performance and, along with other 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.

\* The Partnership began including unrealized gains and losses on commodity risk management activities as a reconciling item between net income and Adjusted EBITDA during the quarter ended June 30, 2010. The Partnership further changed its definition of Adjusted EBITDA during the quarter ended September 30, 2010 by changing the components of unrealized gains and losses on commodity risk management activities to no longer include lower of cost or market adjustments and the subsequent gross margin impact of such previously recognized inventory adjustments. These changes have been applied retroactively to all periods presented. With these changes, unrealized gains and losses on commodity risk management activities (a reconciling item between net income and Adjusted EBITDA) now includes unrealized gains and losses on non-hedged derivatives, fair value hedged derivatives and inventory, and the ineffective portion of cash flow hedges. The Partnership believes that, with these changes, Adjusted EBITDA more accurately reflects the Partnership's operating performance and therefore is a more useful measure.