



**ENERGY
TRANSFER**

Moving America's Energy

Q4 2024 Earnings

February 11, 2025



Forward-looking Statements / Legal Disclaimer

Management of Energy Transfer LP (ET) will provide this presentation in conjunction with ET's 4th quarter 2024 earnings conference call. On the call, members of management may make statements about future events, outlook and expectations related to Sunoco LP (SUN), USA Compression Partners, LP (USAC), 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. These may also include certain statements about the Partnerships' ability to successfully complete and integrate transactions described herein and the possibility that the anticipated benefits of the transactions cannot be fully realized. 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. In addition to the risks and uncertainties disclosed in our SEC filings 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.

This presentation includes certain forward looking non-GAAP financial measures as defined under SEC Regulation G, including estimated adjusted EBITDA. Due to the forward-looking nature of the aforementioned non-GAAP financial measures, management cannot reliably or reasonably predict certain of the necessary components of the most directly comparable forward-looking GAAP measures without unreasonable effort. Accordingly, we are unable to present a quantitative reconciliation of such forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures.

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.

2024 – Delivering Results

Financial

- Delivered FY'24 Adj. EBITDA¹ of \$15.5B – a new partnership record
 - High-end of 2024 guidance range of \$15.3 – \$15.5B
- Growth Capital² was \$3.0 billion – within guidance range of \$2.8 – \$3.0B
- Increased to 4Q'24 quarterly cash distribution to \$0.3225 per unit
 - Up 3.2% vs Q4'23

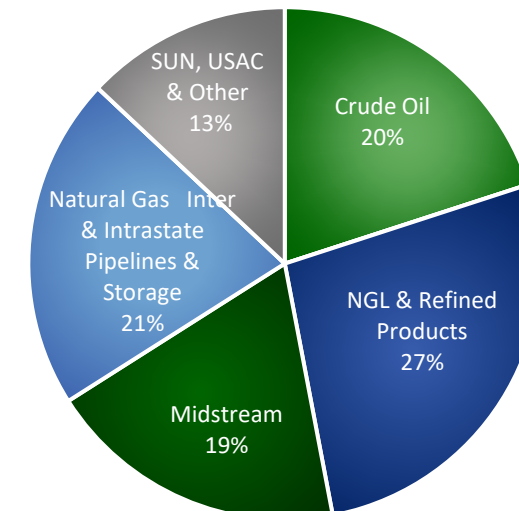
Strategic

- In July 2024, completed WTG Midstream acquisition
- In July 2024, formed joint venture with Sunoco LP combining respective crude oil and produced water gathering assets in the Permian Basin
- Announced 6 major projects in 2024
 - 8, 10-MW natural-gas fired electric generation facilities
 - Sabina 2 Pipeline Project
 - Badger Processing Plant
 - Frac IX
 - Hugh Brinson Pipeline
- In February and June 2024, ET's Long-Term Issuer rating was upgraded by Fitch and Moody's, respectively

Operational

- ET volumes FY'24 compared to FY'23
 - Record Crude oil transportation volumes - up 25%
 - Record NGL fractionation volumes - up 9%
 - Record NGL transportation volumes - up 7%
 - Record total NGL exports - up 4%
 - Record Midstream gathered volumes - up 2%
 - Record Interstate natural gas transported - up 2%

FY 2024 Adjusted EBITDA by Segment



1. Includes earnings related to Energy Transfer's acquisition of WTG, which closed July 15, 2024, and over \$100 million of transaction costs
2. Energy Transfer excluding SUN and USA Compression capital expenditures

What's New?

Q4 2024 Net Income

Attributable to the Partners

\$1.08
BILLION

Operational

- Energy Transfer volumes compared to Q4'23
 - Crude oil transportation up 15%
 - NGL transportation volumes up 5%
 - Total NGL exports up more than 2%
 - Midstream gathered volumes up 2%
- In 2H 2024, completed 50 MMcf/d expansions to Orla East and Grey Wolf processing plants in Permian Basin
- In Q4 2024 completed construction of 30-mile crude oil pipeline that allows for transportation of ~100,000 Bbbls/d of crude oil from terminals in Midland, TX to Cushing, OK

Q4 2024 Adjusted EBITDA

\$3.88
BILLION

Up 8% vs Q4 2023

Financial

- Announced 2025 Guidance:
 - Expected Adj. EBITDA: \$16.1 – \$16.5B
 - Expected Growth Capital: ~\$5.0B¹
- Adjusted EBITDA:
 - Q4'24: \$3.88B
 - FY'24: \$15.48B
- Distributable Cash Flow attributable to partners:
 - Q4'24: \$1.98B
 - FY'24: \$8.36B
- FY'24 Capital Expenditures:
 - Growth: \$3.0B¹
 - Maintenance: \$1.0B¹
- Announced increase to quarterly cash distribution to \$0.3250 per unit; up 3.2% vs Q4'23

2025 Adjusted EBITDA Guidance

\$16.1-\$16.5
BILLION

Midpoint up 5% vs FY 2024

Strategic

- In February, entered into a long-term agreement with Cloudburst Data Centers, Inc. (CloudBurst) to provide natural gas to CloudBurst's flagship AI-focused data center development in Central Texas²
- In February 2025, placed the first of 8 planned 10-megawatt natural gas-fired electric generation facilities into service
- Energy Transfer LNG recently entered into 20-year LNG SPA with Chevron U.S.A. Inc. to supply 2.0 mtpa via its Lake Charles LNG project³
- Recently reached positive FID for Hugh Brinson Pipeline⁴, which will provide additional transportation capacity out of the Permian Basin to serve growing natural gas demand
- Approved 9th fractionator at Mont Belvieu, which will have a design capacity of 165,000 Bbbls/d

1. Energy Transfer excluding SUN and USA Compression capital expenditures

2. Subject to CloudBurst reaching a positive final investment decision with its customer

3. The obligations of Energy Transfer LNG under the SPA are subject to Energy Transfer LNG taking a positive final investment decision as well as the satisfaction of other conditions precedent







4. Formerly known as the Warrior Pipeline Project

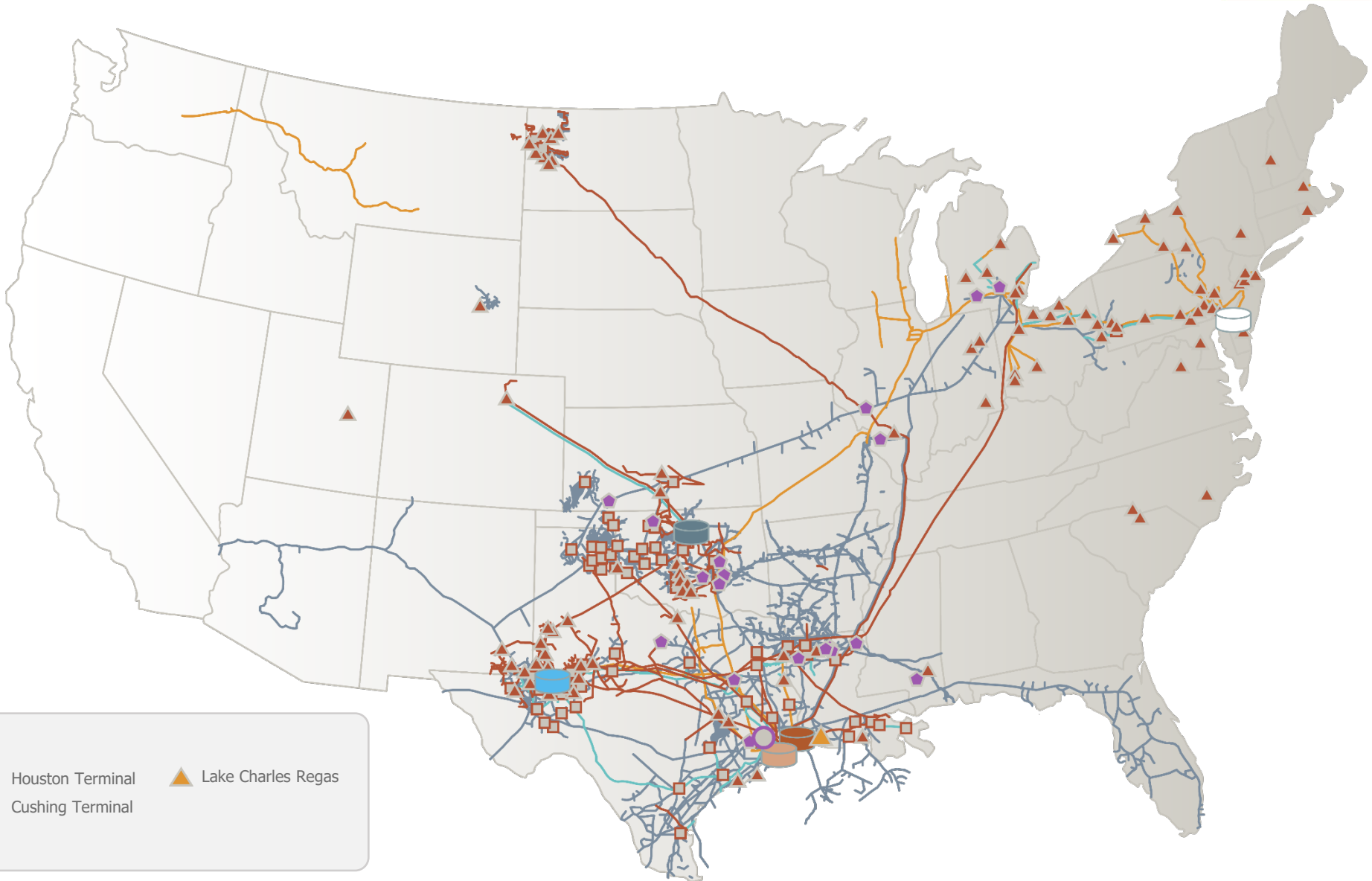
Nationwide Footprint

Asset Overview

- Natural Gas
- Natural Gas Liquids (NGLs)
- Crude
- Refined Products
- ◆ Storage
- Mont Belvieu NGL Complex
- ▲ Terminals
- Processing

Major Terminals

- | | | |
|---|--|--|
|  Marcus Hook Terminal |  Houston Terminal |  Lake Charles Regas |
|  Nederland Terminal |  Cushing Terminal | |
|  Midland Terminals | | |



Capturing Growth in 2025 and Beyond

We believe three main themes will drive critical growth within the midstream space, and Energy Transfer's asset base is perfectly positioned to capitalize on all three

Continued Strong Permian Basin Volume Growth

- Supports continued development of in-basin G&P business
- Residue gas will feed Hugh Brinson Pipeline, as well as power and data center demand in Texas
- Y-grade NGL production from processing expansions will feed downstream NGL business

Natural Gas Power Demand Continues to Increase

- Significant growth will be required to support expected increases in gas-fired power generation
- ET's pipeline network is uniquely positioned to capitalize on this opportunity set

Global Demand for US NGL Production Remains Strong

- International demand growth will require continued expansion of US NGL infrastructure
- ET expected to benefit through future buildout of NGL pipeline network, Mont Belvieu fractionation complex and Nederland and Marcus Hook export terminals

Energy Transfer's extensive asset base and diversity of product offerings is allowing for capital deployment across all three of these themes, providing great visibility into ability to grow one-of-a-kind franchise for years to come

Leading Natural Gas Pipeline Footprint Well Positioned to Meet Growing Electricity Demand

Gas-fired power plants
served via direct and
indirect connections:

~185
Plants Served

Recently placed into service
the first of 8, 10-MW natural
gas-fired electric generation
facilities:

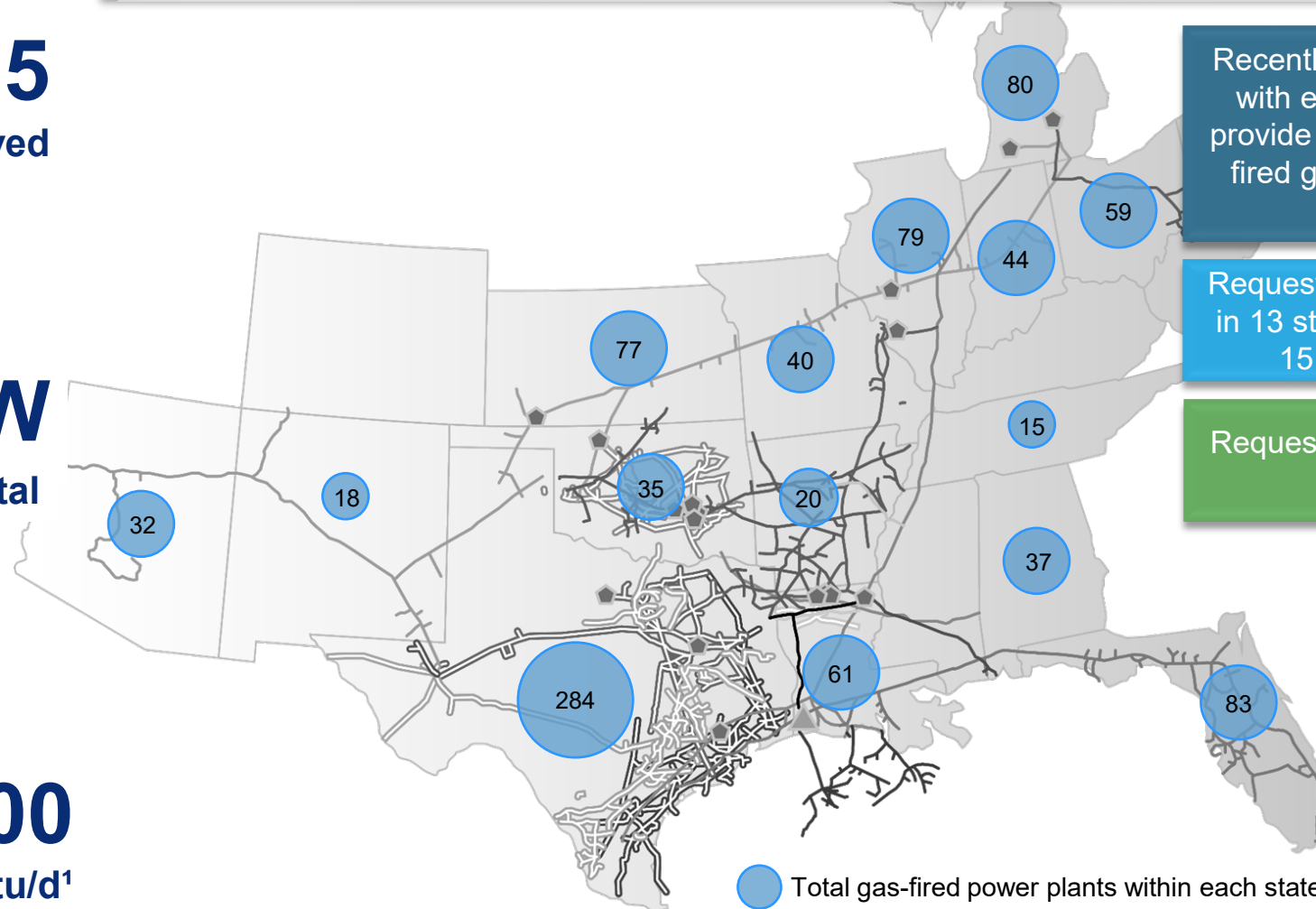
80 MW
Total

Signed agreement with
CloudBurst to provide
natural gas to data center
development in Central
Texas:



Up to **450,000**
MMBtu/d¹

Energy Transfer is pursuing opportunities to serve growing power loads from new demand centers across its pipeline network



Recently completed several agreements
with electric utilities in the Midwest to
provide connections for new natural gas-
fired generation that is replacing coal-
fired generation

Requests to connect to 60+ power plants
in 13 states for new connections, and to
15 plants already served today

Requests to connect to ~70 data centers
in 12 states

First 10-MW Power Generation Facility



● Total gas-fired power plants within each state

Disciplined Growth Targeting Strong Investment Returns

2025E Growth Capital: ~\$5.0 billion¹

		% of 2025E
Midstream	<ul style="list-style-type: none"> A significant amount of 2025 spend will be directed toward the Permian Basin, including: <ul style="list-style-type: none"> Permian Processing Expansions (Badger, Red Lake IV and Mustang Draw*) Processing plant capacity additions (Arrowhead I and II) Permian treating upgrades Compression additions Well connects 	~33%
NGL & Refined Products	<ul style="list-style-type: none"> Nederland Flexport NGL expansion Mont Belvieu Frac IX Lone Star Express Expansion Gateway NGL Pipeline Debottlenecking Marcus Hook Terminal Optimization Sabina 2 Pipeline Conversion Nederland refrigerated storage expansion Storage upgrades at Mont Belvieu and Spindletop 	~28%
Intrastate Natural Gas Transportation	<ul style="list-style-type: none"> Hugh Brinson Pipeline* Small laterals and tie in projects to support new demand growth on TX pipelines 	~28%
Crude	<ul style="list-style-type: none"> Williston Basin crude oil and water gathering Permian Basin crude oil gathering buildout Optimization projects Well connects 	~6%
Interstate & All Other	<ul style="list-style-type: none"> Laterals and tie ins to support new demand growth off of existing pipelines Optimization projects on FGT Natural gas-fired electric generation facilities 	~6%

1. Energy Transfer excluding SUN and USA Compression capital expenditures
 • New/recently approved projects

Growth Project Backlog

Project Name	Project Overview	Status
Permian Processing Upgrades	Upgrading four processing plants to add ~200 MMcf/d of incremental processing capacity in West Texas (Includes adding 50 MMcf/d at Grey Wolf, Orla East, Arrowhead II and Arrowhead III, respectively)	Q4 2024-Q1 2025 ¹
Sabina 2 Pipeline Conversion	Expanding capacity from 25,000 Bbls/d to ~70,000 Bbls/d to provide additional transportation service between Mont Belvieu and Nederland for multiple products (Initial phase increased capacity to ~40,000 Bbls/d)	Initial Phase In Service Remainder by mid-2026
Badger Processing Plant	Relocating idle plant to the Delaware Basin to provide an incremental 200 MMcf/d of processing capacity	Mid-2025
Nederland Flexport NGL Expansion	Expansion expected to add up to 250,000 Bbls/d of NGL export capacity at Nederland Terminal; expected to provide flexibility to load various products, based on customer demand	Mid-2025 (Initial Phases) Next Phase Q4 2025
Red Lake IV	200 MMcf/d processing plant in the Permian Basin	Q3 2025
Gateway NGL Pipeline Debottlenecking	Project to allow for the full usage of interest in the EPIC Pipeline and optimize deliveries from the Delaware Basin into Gateway Pipeline for deliveries to Mont Belvieu	2025
Lone Star Express Expansion	Performing upgrades that are expected to provide more than 90,000 Bbls/d of incremental Permian NGL takeaway capacity	2026
Mustang Draw Processing Plant	275 MMcf/d processing plant in the Midland Bason	1H 2026
Mont Belvieu Frac IX	165,000 Bbls/d fractionator at Mont Belvieu	Q4 2026
Natural Gas-Fired Electric Generation	Constructing 8, 10 MW natural gas-fired electric generation facilities to support Energy Transfer's operations in Texas	1 of 8 Now In Service Remainder 2025-2026
Hugh Brinson Pipeline ²	Recently approved construction of a new intrastate pipeline from Waha to ET's extensive pipeline network south of the DFW metroplex	End of 2026
Marcus Hook Terminal Optimization	Constructing 900,000 Bbls refrigerated ethane storage tank and approximately 20,000 Bbls/d of incremental ethane chilling capacity	Construction Underway
Nederland Refrigerated Storage Expansion	Expansion of refrigerated storage at Nederland; expected to increase butane storage by 33% and propane storage by 100%	Construction Underway
CloudBurst Natural Gas Supply	Long-term agreement with CloudBurst to provide firm natural gas supply to data center in Central Texas	Subject to CloudBurst FID with customer
Sabina 1 Pipeline	Continue to have discussions to provide transportation for potentially multiple products from Mont Belvieu to Houston Ship Channel	Proposed
Blue Marlin	VLCC project from Nederland Terminal; recently approved final FEED study, which keeps the project on pace to meet internal projections	Proposed
Lake Charles LNG Export Terminal	Developing large-scale LNG export facility at existing Lake Charles LNG regasification terminal	Proposed
Carbon Capture and Sequestration	In May 2024, entered into agreement with CapturePoint that commits CO2 from ET treating facilities in northern Louisiana to the capture and sequestration project being jointly developed by ET and CapturePoint	Proposed
Blue Ammonia	Developing ammonia hub concept at Lake Charles, LA and Nederland, TX that would provide infrastructure services to several blue ammonia facilities, including natural gas supply, CO2 transportation to 3 rd party sequestration sites, ammonia storage and deep-water marine loading services	Proposed

1. Orla East and Grey Wolf were placed into service in 2H 2024

Hugh Brinson Pipeline Project¹

Serving Premier Texas Markets and Supporting Data Center and AI Growth

Hugh Brinson Pipeline Project: Phase 1

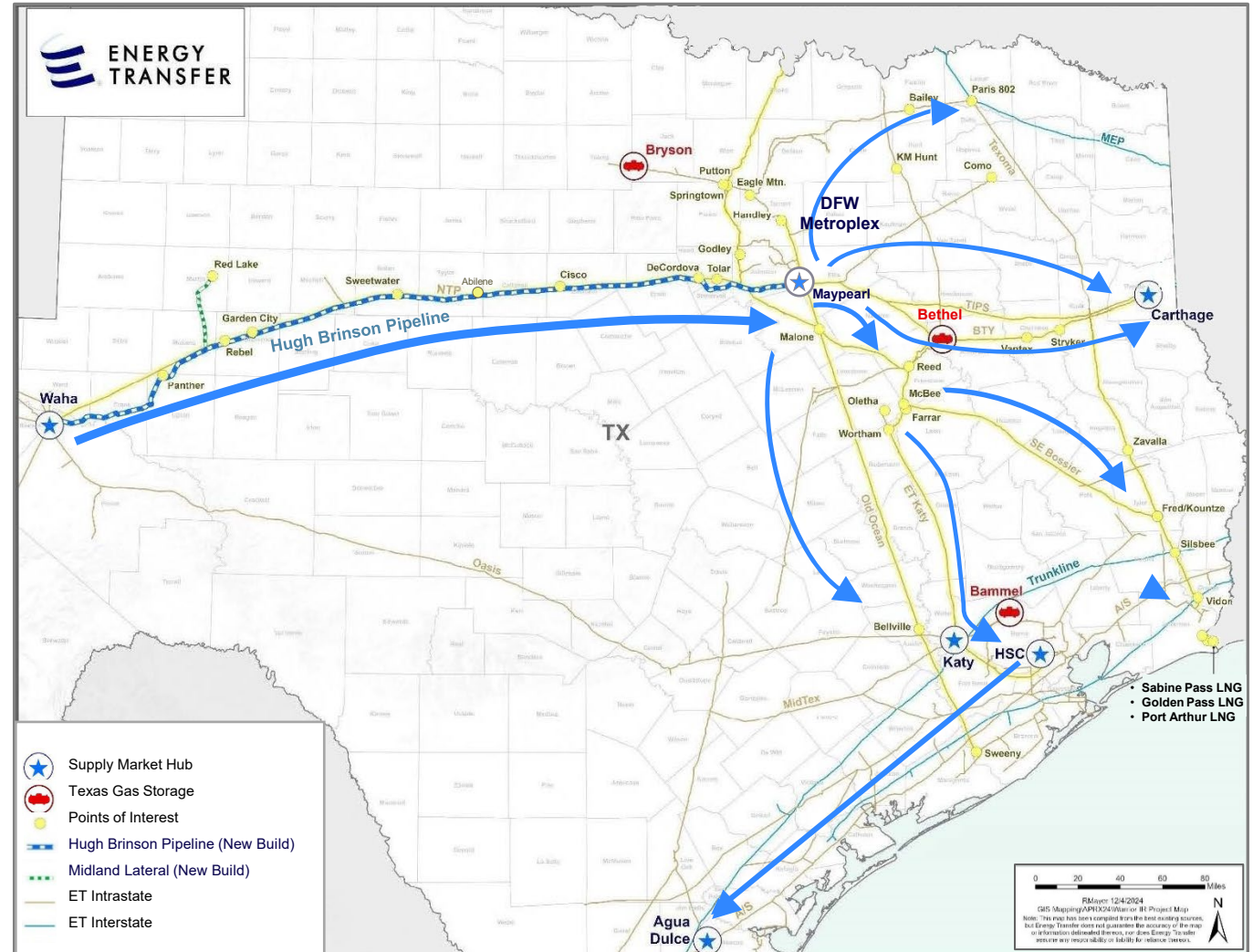
- Includes the construction of ~400 miles of 42" pipeline from Waha and the Midland Basin to Maypearl, TX
 - Capacity of 1.5 Bcf/d
 - Backed by long-term, fee-based commitments with strong investment grade counterparties
 - Expected to utilize Energy Transfer's extensive pipeline network south of the DFW metroplex to deliver gas to major trading hubs and markets
 - Expected in service by the end of 2026
- Also includes construction of Midland Lateral
 - 42-mile, 36-inch lateral to connect ET processing plants in Martin and Midland Counties to the Hugh Brinson Pipeline

Hugh Brinson Pipeline Project: Phase 2

- Would increase the capacity to 2.2 Bcf/d with the addition of compression
 - Depending on shipper demand, could construct Phase 2 concurrently with Phase 1

Combined Project Costs

- Combined capital of Phase I and Phase 2 expected to be ~\$2.7 billion

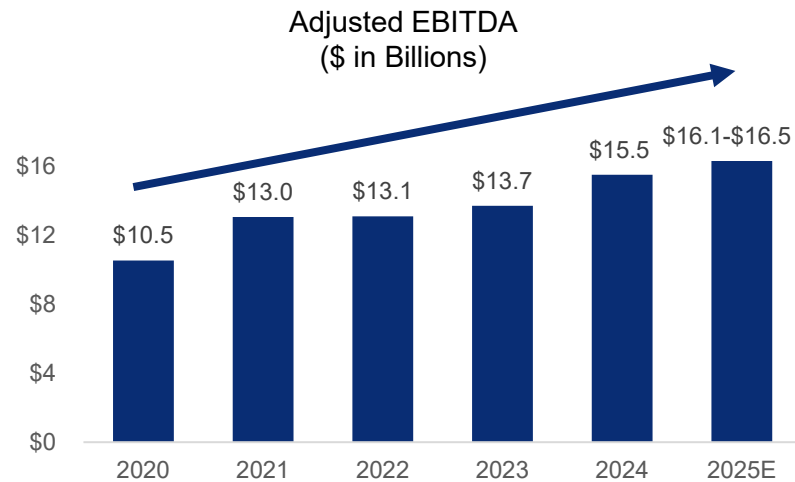


Further enhances Energy Transfer's flexibility to deliver natural gas to premier Texas markets and trading hubs, and its ability to support power plant and data center growth

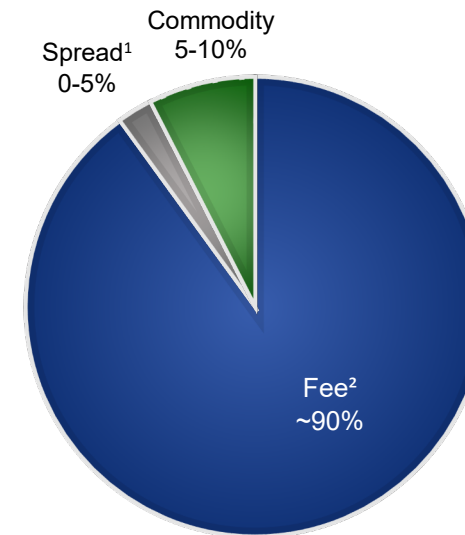
Outlook Supported by Strong Core Business

2025E Adjusted EBITDA \$16.1- \$16.5 Billion

Balancing M&A and Organic Growth



2025E Adjusted EBITDA Breakout

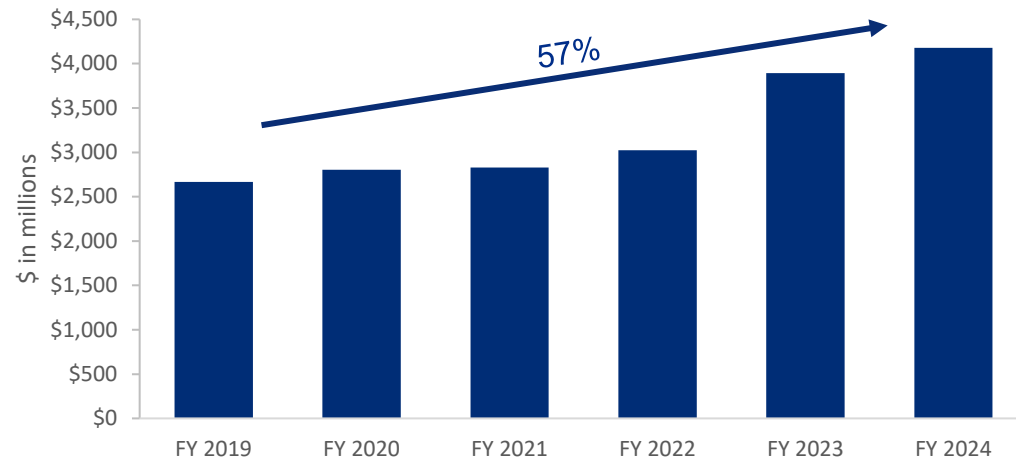


Pricing/spread assumptions based on current futures markets

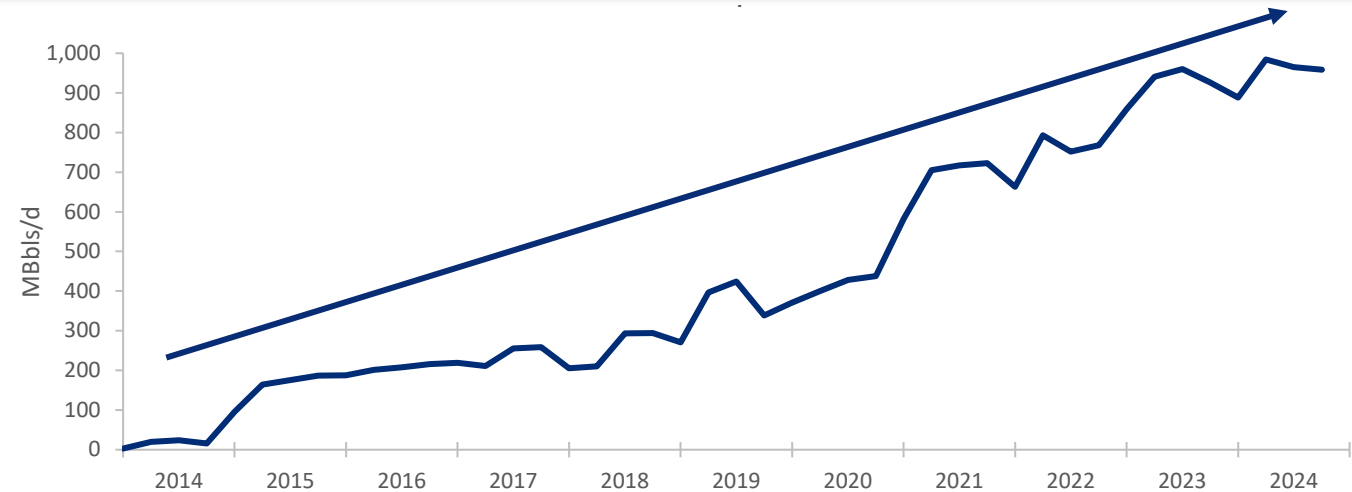
1. Spread margin is pipeline basis, cross commodity and time spreads
2. Fee margins include transport and storage fees from affiliate customers at market rates

Capturing Share in Rapidly Growing NGL Business

NGL & Refined Products Adjusted EBITDA



Energy Transfer NGL Exports



- Significant capital investments in the past five years
- Competitively advantaged with assets at Mont Belvieu fractionation and storage complex
- Only operator with NGL export terminals located on the Gulf Coast and East Coast (Nederland, Houston and Marcus Hook)
- Export terminals have unique customer offerings with unmatched flexibility and ship loading capabilities
- During 2024, Energy Transfer exported LPGs to more than 55 countries

Expanding World-Class NGL Export Facilities



Houston Terminal

Marcus Hook Terminal

- Construction continues on the first phase of an optimization project



Marcus Hook Terminal

Total NGL Export Capacity
> 1.1mm Bbls/d

Sabina 2 Pipeline

- Mont Belvieu to Energy Transfer's Nederland Terminal
 - Upon completion in mid-2026, will have the ability to flow at least 70,000 Bbls/d and provide much needed incremental transportation capacity to Nederland to meet the growing demand for natural gasoline products
 - Initial phase went into service in Q4 2024 and increased the capacity from 25,000 Bbls/d to ~40,000 Bbls/d
 - Term transportation commitments in place



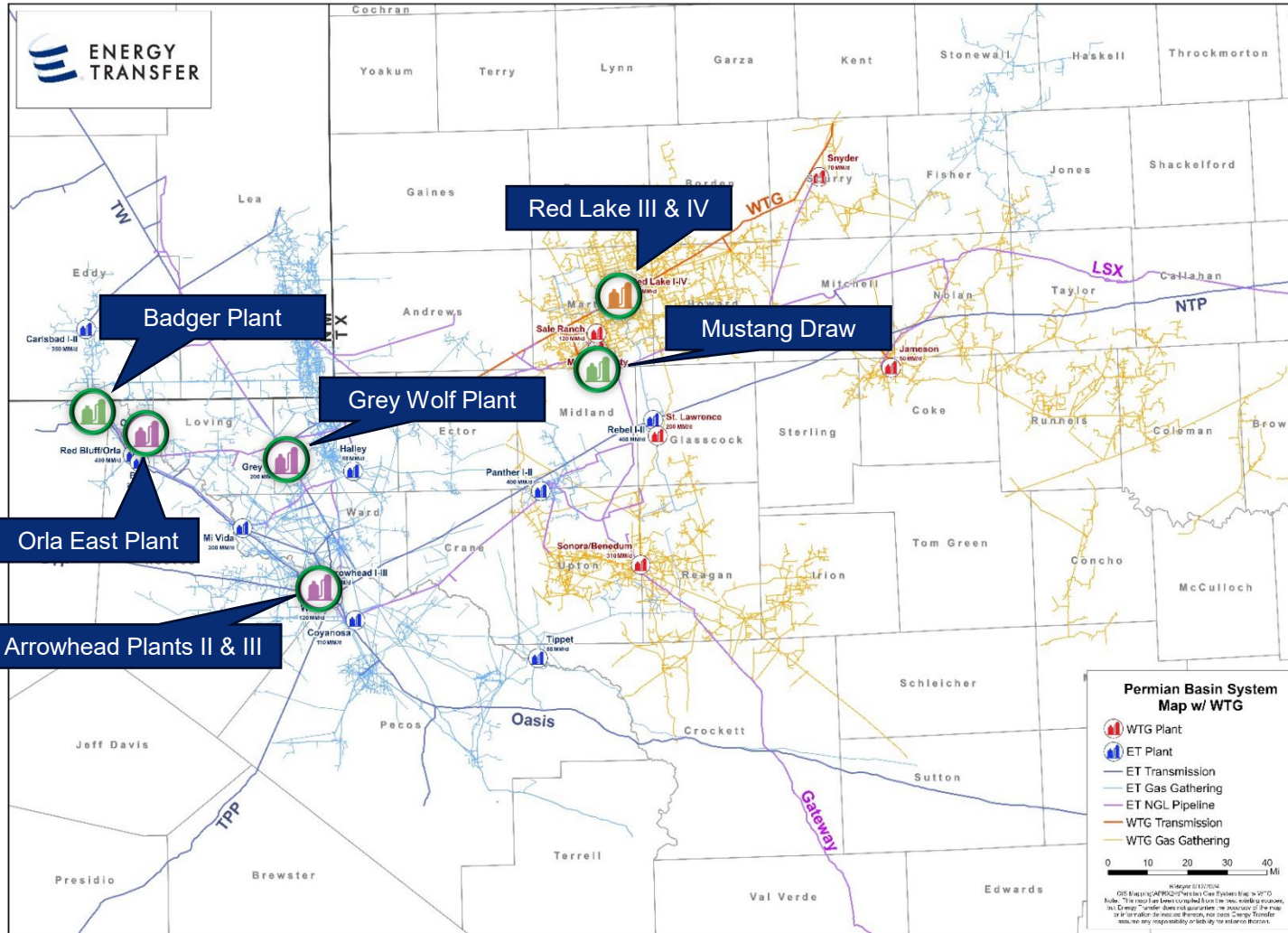
Nederland Terminal

Nederland Terminal

- Construction is underway on an expansion which is expected to add up to 250,000 Bbls/d of NGL export capacity
 - Expected to be in service in mid-2025 (initial phases)
 - Expect to begin ethylene export service in Q4 2025
- Building new refrigerated storage which will increase butane storage capacity by a third and double Energy Transfer's propane storage capacity
 - Project will further increase ability to keep customers' ships loading on time
- Combined costs of both projects expected to be ~\$1.5B

Energy Transfer's market share of worldwide NGL exports remains at ~20%

Permian Basin Processing Expanding to Meet Growing Demand



Permian Basin Footprint

➤ Extensive Permian Basin Footprint:

- Currently have ~4.9 Bcf/d of processing capacity in the Permian Basin
- Have significant acreage dedications to ET processing plants in the Permian Basin

➤ Processing Plant Optimizations

- Adding ~50 MMcf/d of capacity at four different Permian Basin processing plants for an incremental ~200 MMcf/d of processing capacity
 - Orla East and Grey Wolf were placed into service in 2H 2024
 - Arrowhead II and III are expected to be in service in Q1 2025

➤ Recently FID'd New Mustang Draw Processing Plant

- Mustang Draw will provide an incremental 275 MMcf/d of processing capacity in the Midland Basin, and is expected to be in service in 1H 2026
- In addition, the Badger plant will provide an incremental 200 MMcf/d of processing capacity, and is expected to be in service in mid-2025
 - Will utilize an idle plant that is being relocated to the Delaware Basin - Relocating this idle plant will help save capital versus building a new plant
- The volumes from the tailgate of these plants will utilize Energy Transfer gas and NGL pipelines for takeaway from the basin

➤ Red Lake III & IV

- Following the closing of the WTG acquisition, the 200 MMcf/d Red Lake 3 processing plant was placed into service
- 200 MMcf/d Red Lake IV processing plant expected to be in service Q3'25

In the process of expanding processing capacity at several existing processing plants, as well as adding new processing capacity in West Texas

Leveraging asset base and expertise to develop projects to reduce environmental footprint

Constructing 8, 10-
MW natural gas-fired
electric generation
facilities **80 MW**
Total

Powering
assets:
~20%
From Solar & Wind

2023 emissions
reduction from Dual
Drive:
~790,000
Tons of CO₂



Power Generation

- Construction underway on 8 natural gas-fired electric generation facilities to support Energy Transfer's operations in Texas. The first of these facilities was placed into service in February 2025, with the remainder expected to go into service throughout 2025 and 2026



Solar

- ET has entered into dedicated solar contracts to help support the operations of our assets



Carbon Capture Utilization and Sequestration

- In May 2024, entered into an agreement with CapturePoint that commits CO₂ from Energy Transfer treating facilities in northern Louisiana to the capture and sequestration project being jointly developed by CapturePoint and Energy Transfer



Renewable Fuels

- Utilizing our extensive gas system, ET is able to safely and reliably transport renewable natural gas (RNG)



Ammonia Projects

- Continue to develop an ammonia hub concept at Lake Charles, LA and Nederland, TX where existing Energy Transfer facilities have deep water access, which would allow Energy Transfer to provide critical infrastructure services to several blue ammonia facilities



Dual Drive Compression

- Proprietary technology that offers the industry a more efficient compression system, helping reduce greenhouse gas emissions



Repurpose Existing Assets

- Pursuing opportunities to utilize ET's significant asset footprint to develop solar and wind projects, and transportation of renewable fuels, CO₂ and other products

Appendix / Non-GAAP Reconciliations



Non-GAAP Reconciliation

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	Q4	YTD
Net income	\$ 4,825	\$ 140	\$ 6,687	\$ 5,868	\$ 5,294	\$ 1,692	\$ 1,992	\$ 1,434	\$ 1,447	\$ 6,565
Interest expense, net	2,331	2,327	2,267	2,306	2,578	728	762	828	807	3,125
Impairment losses and other	74	2,880	21	386	12	-	50	-	2	52
Income tax expense	195	237	184	204	303	89	227	89	136	541
Depreciation, depletion and amortization	3,147	3,678	3,817	4,164	4,385	1,254	1,213	1,324	1,374	5,165
Non-cash compensation expense	113	121	111	115	130	46	30	37	38	151
(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)	6	56
Losses on extinguishments of debt	18	75	38	-	(2)	5	6	-	1	12
Inventory valuation adjustments (Sunoco LP)	(79)	82	(190)	(5)	114	(130)	32	197	(13)	86
Impairment of investment in unconsolidated affiliates	-	129	-	-	-	-	-	-	-	-
Equity in earnings of unconsolidated affiliates	(302)	(119)	(246)	(257)	(383)	(98)	(85)	(102)	(94)	(379)
Adjusted EBITDA related to unconsolidated affiliates	626	628	523	565	691	171	170	181	170	692
Non-operating litigation-related costs	-	-	-	-	627	-	-	-	-	-
Gain on sale of Sunoco LP West Texas assets	-	-	-	-	-	-	(598)	-	12	(586)
Other, net	(54)	79	57	82	(12)	(9)	2	18	(2)	9
Adjusted EBITDA (consolidated)	11,140	10,531	13,046	13,093	13,698	3,880	3,760	3,959	3,884	15,483
Adjusted EBITDA related to unconsolidated affiliates	(626)	(628)	(523)	(565)	(691)	(171)	(170)	(181)	(170)	(692)
Distributable Cash Flow from unconsolidated affiliates	415	452	346	359	485	125	121	127	113	486
Interest expense, net	(2,331)	(2,327)	(2,267)	(2,306)	(2,578)	(728)	(762)	(828)	(807)	(3,125)
Preferred unitholders' distributions	(253)	(378)	(418)	(471)	(511)	(111)	(100)	(79)	(71)	(361)
Current income tax (expense) benefit	22	(27)	(44)	(18)	(100)	(22)	(239)	20	(24)	(265)
Transaction-related income taxes	(31)	-	-	(42)	-	-	199	(18)	(2)	179
Maintenance capital expenditures	(655)	(520)	(581)	(821)	(860)	(135)	(258)	(392)	(376)	(1,161)
Other, net	85	74	68	20	41	30	19	25	16	90
Distributable Cash Flow (consolidated)	7,766	7,177	9,627	9,249	9,484	2,868	2,570	2,633	2,563	10,634
Distributable Cash Flow attributable to Sunoco LP (100%)	(450)	(516)	(542)	(648)	(659)	(171)	(186)	(335)	(254)	(946)
Distributions from Sunoco LP	165	165	165	166	173	61	61	60	63	245
Distributable Cash Flow attributable to USAC (100%)	(222)	(221)	(209)	(221)	(281)	(87)	(85)	(87)	(96)	(355)
Distributions from USAC	90	97	97	97	97	24	24	25	24	97
Distributable Cash Flow attributable to noncontrolling interests in other non-wholly-owned	(1,113)	(1,015)	(1,113)	(1,240)	(1,352)	(342)	(346)	(321)	(326)	(1,335)
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	1,974	8,340
Transaction-related adjustments	14	55	194	44	116	3	1	15	4	23
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	\$ 1,978	\$ 8,363

* See definitions of non-GAAP measures on next slide

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 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.