



ENERGY TRANSFER

Moving America's Energy

Q4 2025 Earnings

February 17, 2026



Management of Energy Transfer LP (ET) will provide this presentation in conjunction with ET's 4th quarter 2025 earnings conference call. On the call, members of management may make statements about future events, outlook and expectations related to Sunoco LP (SUN), SunocoCorp LLC (SUNC), 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 projects and integrate transactions described herein and the possibility that the anticipated benefits of the projects and transactions cannot be fully realized. Any statement made by a member of management of the Partnerships 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.

2025 – Delivering Results

Financial

- Delivered FY'25 Adj. EBITDA of nearly \$16B – a new partnership record
- Growth Capital¹ was ~\$4.5 billion
- Increased 4Q'25 quarterly cash distribution to \$0.335 per unit
 - Up more than 3 % vs Q4'24

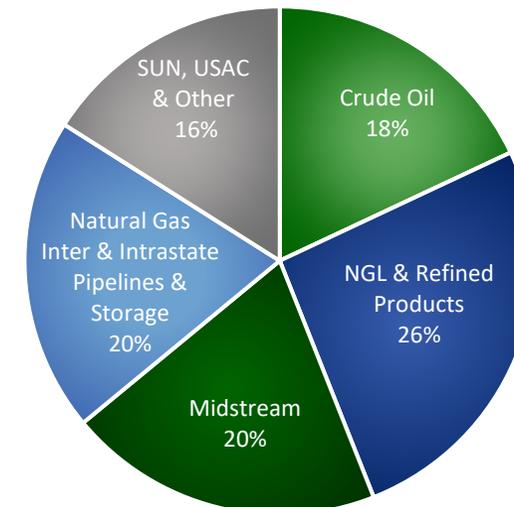
Strategic

- Completed open seasons on FGT for two new projects to meet growing demand across Florida
 - Phase IX – designed to include construction of up to 82 miles of pipeline looping and new and upgraded compression to expand capacity across market area
 - South Florida – designed to include construction of new 37-mile pipeline lateral and related facilities to enhance system reliability and efficiency in South Florida
- Oklahoma Interstate power team recently added connections to serve three new power plant loads in Oklahoma, totaling ~190,000 Mcf/d, which are expected online in Q2 2026
- Recently began flowing gas on first pipeline lateral to a data center campus near Abilene, Texas
- Announced increased pipe diameter on Desert Southwest expansion project to 48 inches, which is expected to increase capacity to up to 2.3 Bcf/d
- Announced suspension of development of Lake Charles LNG project in order to focus on allocating capital toward significant backlog of natural gas pipeline infrastructure projects

Operational

- ET volumes FY'25 compared to FY'24
 - Record Crude oil transportation volumes - up 6%
 - Record NGL fractionation volumes - up 2%
 - Record NGL transportation volumes - up 6%
 - Record total NGL exports - up 9%
 - Record Midstream gathered volumes - up 5%
 - Record Interstate natural gas transported - up 7%

FY 2025 Adjusted EBITDA by Segment



¹. Energy Transfer excluding SUN and USA Compression capital expenditures

2026 Outlook

Growth With Continued Financial Discipline

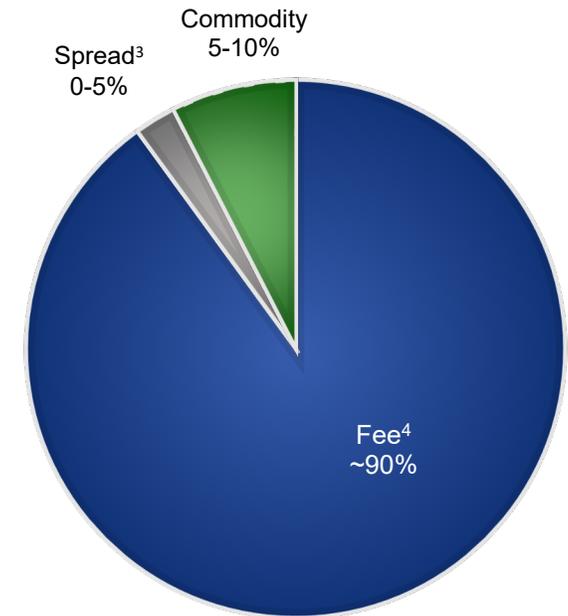
Adjusted EBITDA Outlook

- 2026 Adjusted EBITDA Guidance: **\$17.45 to \$17.85 billion**
- Driven by new projects expected to ramp up and/or come online in 2026, including:
 - Nederland Flexport NGL expansion
 - Mustang Draw I and II
 - Hugh Brinson Pipeline Phase I
 - NGL projects on Lone Star Express and Gateway Pipelines
 - Natural gas pipeline projects serving data center facilities
- Expect to continue to target long-term annual distribution growth rate of 3% to 5% per year
- Expect to maintain leverage target of 4.0-4.5x EBITDA¹

Growth Capital Outlook

- 2026 Growth Capital Guidance: **\$5 billion to \$5.5 billion²**
- Majority invested on projects enhancing natural gas and NGL network, including:
 - Desert Southwest Pipeline
 - Hugh Brinson Pipeline
 - Natural gas pipeline projects serving data center facilities
 - Mustang Draw I and II
 - Frac IX
 - Nederland and Marcus Hook terminal expansion projects
- Remain focused on disciplined growth
- Expected to generate returns in the mid-teens

2026E Adjusted EBITDA Breakout

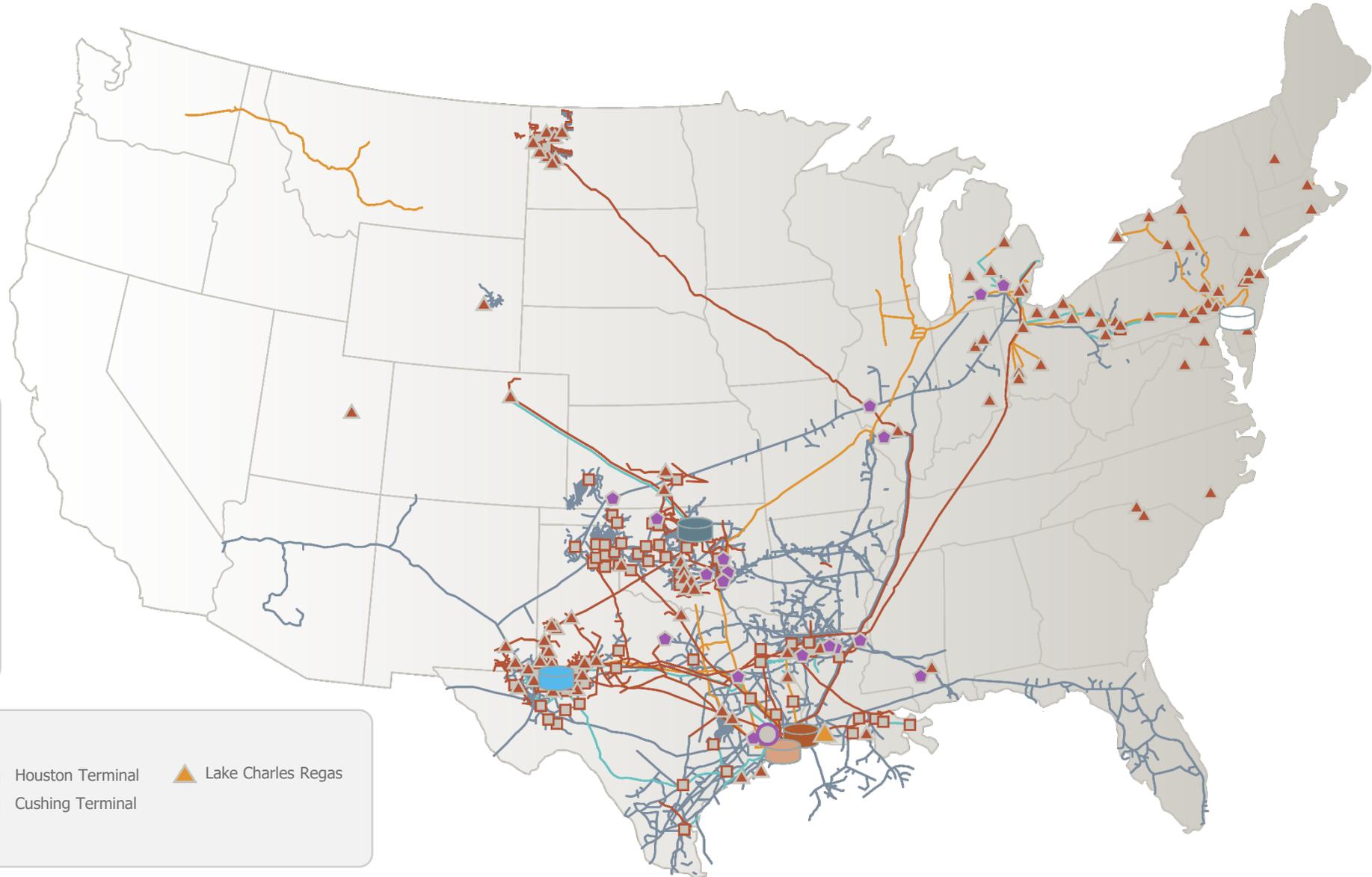


2026E fee-based breakout expected to be substantially the same as 2025

Pricing/spread assumptions based on current futures markets

1. As calculated by all three primary rating agencies
2. Energy Transfer excluding SUN and USA Compression capital expenditures
3. Spread margin is pipeline basis, cross commodity and time spreads
4. Fee margins include transport and storage fees from affiliate customers at market rates

Nationwide Footprint With Diverse Product Offerings Across the Value Chain



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

Growth With Continued Financial Discipline

2026E Growth Capital: ~\$5.0-\$5.5 billion¹

		% of 2026E
Intrastate Natural Gas Transportation	<ul style="list-style-type: none"> • Hugh Brinson Pipeline • Data Center expansions • Bethel storage expansion • Small laterals and tie-in projects to support new demand growth on TX pipelines 	~26%
NGL & Refined Products	<ul style="list-style-type: none"> • Nederland refrigerated storage expansion • Mont Belvieu Frac IX • Marcus Hook Terminal optimization • Lone Star Express expansion • Sabina 2 Pipeline conversion • Delaware Basin NGL pipe looping • Storage upgrades at Mont Belvieu and Spindletop 	~25%
Midstream	<ul style="list-style-type: none"> • Permian processing expansions (Mustang Draw I & II) • Permian gathering buildout and treating upgrades • Compression additions • Well connects 	~23%
Interstate	<ul style="list-style-type: none"> • Transwestern Pipeline – Desert Southwest Expansion • FGT Optimization projects • Data Center Expansions • Natural gas-fired electric generation facilities 	~16%
Crude & All Other	<ul style="list-style-type: none"> • Price River Terminal expansion • Southern Illinois Connector • Optimization projects and well connects • Natural gas-fired electric generation facilities 	~10%

1. Energy Transfer excluding SUN and USA Compression capital expenditures

Natural Gas Growth Project Backlog

Project Name	Natural Gas Project Overviews	Status
Mustang Draw Processing Plant	275 MMcf/d processing plant in the Midland Basin	Q2 2026
Mustang Draw II Processing Plant	275 MMcf/d processing plant in the Midland Basin	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	3 rd plant Q1 2026 Remainder ready for service in 2026 ¹
Oracle Natural Gas Supply	Multiple long-term agreements with Oracle to supply ~900,000 Mcf/d of natural gas to three U.S. data centers, two of which are in Texas. These are expected to be sourced from ET's extensive natural gas pipeline network	First lateral flowing Remainder mid-2026
Oklahoma Power Plant Connections 	Adding connections to serve three new power plant loads in Oklahoma totaling ~190,000 Mcf/d	Q2 2026
Hugh Brinson Pipeline Phase I & II	Bi-directional intrastate natural gas pipeline from Waha to ET's extensive pipeline network south of the DFW metroplex; expected to have the ability to transport ~2.2 Bcf/d from west to east, and also transport ~1 Bcf/d from east to west	Phase I – Q4 2026 Phase II – Q1 2027
Bethel Storage Expansion	Constructing new storage cavern at Bethel natural gas storage facility to double working gas storage capacity to over 12 Bcf	Late 2028
FGT Phase IX 	Construction of up to 82 miles of pipeline looping, as well as new and upgraded compression. Could expand FGT capacity by up to 550 MMcf/d	Q4 2028
Entergy LA Natural Gas Supply / Tiger Lateral	20-year binding agreement with Entergy Louisiana to provide initial 250,000 MMBtu/d of firm transportation service to fuel facilities in Richland Parish, LA; includes expanding Tiger pipeline with the construction of a 12-mile lateral with capacity of up to 1 Bcf/d	Agreement begins Dec. 2028
Transwestern Pipeline - Desert Southwest Expansion Project 	516-mile, 48-inch pipeline to provide up to ~2.3 Bcf/d of natural gas transportation capacity from the Permian Basin to markets in southern New Mexico, Arizona and across the southwest region of the United States	By Q4 2029
FGT South Florida 	Construction of new, 37-mile lateral to supply the South Florida area, along with compression and a new meter station	Q1 2030
Fermi America Natural Gas Supply	10-year agreement with Fermi America to provide pipeline interconnection and initial gas supply of ~300,000 MMBtu/d to Fermi's Hyper Grid campus outside of Amarillo, TX	Subject to Fermi's election
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

NGL, Crude and Other Growth Project Backlog

Project Name	NGL Project Overviews	Status
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
Nederland Flexport NGL Expansion	Expansion added up to 250,000 Bbls/d of NGL export capacity at Nederland Terminal with flexibility to load various products, based on customer demand	In Service
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	Nearing Completion
Lone Star Express Expansion	Performing upgrades that are expected to provide more than 90,000 Bbls/d of incremental Permian NGL takeaway capacity	Mid-2026
Mont Belvieu Frac IX	165,000 Bbls/d fractionator at Mont Belvieu	Q4 2026
Delaware Basin NGL Pipe Looping	Looping NGL pipeline upstream of Lone Star Express Pipeline to source an incremental ~150,000 Bbls/d of NGLs from the northern Delaware Basin for transportation on ET's NGL pipeline system	1H 2027
Marcus Hook Terminal Optimization	Constructing 900,000 Bbls refrigerated ethane storage tank and approximately 20,000 Bbls/d of incremental ethane chilling capacity	Q3 2027
Nederland Refrigerated Storage Expansion	Expansion of refrigerated storage at Nederland; expected to increase butane storage by 33% and propane storage by 100%	Construction Underway
Sabina 1 Pipeline	Continue to have discussions to provide transportation for potentially multiple products from Mont Belvieu to Houston Ship Channel	Proposed

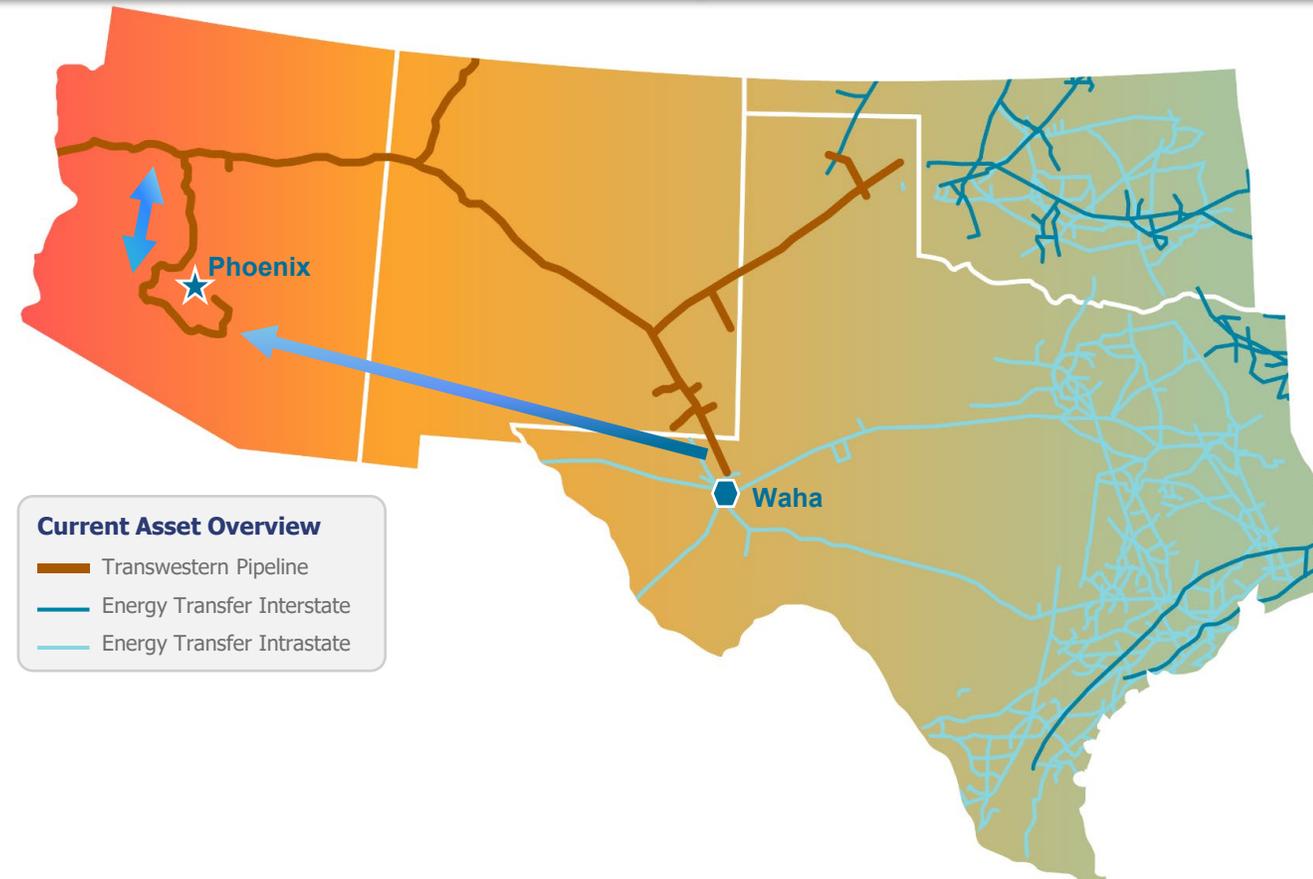
Project Name	Crude Project Highlights	Status
Price River Terminal	Adding new railcar loading facilities, heated storage tank with ~120,000 Bbls of capacity, and two new 6,000-foot storage unit racks to significantly improve storage capacity at the facility; backed by agreement with FourPoint Resources	Q4 2026
Southern Illinois Connector	Project to connect Enbridge pipeline near Wood River to ET's assets in Patoka, IL to support delivery of Canadian crude oil to U.S. refiners; recently completed open season that resulted in 100,000 Bbls/d of contracts	Recently FID'd
Dakota Access North Project	Working with Enbridge to provide for capacity of ~250,000 Bbls/d of Canadian crude oil through Dakota Access Pipeline	Expect to take FID by mid-2026

Desert Southwest – Transwestern Pipeline Expansion Project

Desert Southwest Pipeline Project

- ~520-mile, 48-inch pipeline that extends from the heart of the Permian Basin to the Phoenix area in Arizona
 - Up to ~2.3 Bcf/d of capacity
 - Expected cost: Up to ~\$5.6 billion, excluding AFUDC
 - ~85% of capital expenditures expected to be in 2027 and beyond
 - Locked in long lead items like compression and pipe with opportunity to expand, as needed
 - Includes commitments with U.S. pipe mills to lock in 100% of space and delivery for pipe in Q4 2027 at favorable prices
 - Expected route collocated along existing ROW, roads, utility corridors
 - Teams have been actively engaging with elected officials, county leadership and associated communities along the route to communicate project information and updates
 - To date, have engaged with over 275 stakeholders who have interest in or are involved in the project
 - Anticipate in service by Q4 2029

Recently upsized pipeline diameter from 42 to 48” which will increase capacity from ~1.5 Bcf/d to up to 2.3 Bcf/d



Desert Southwest will provide reliable economic supplies of natural gas to support the long-term energy needs for utilities and energy providers in the region driven by population growth, high-tech industry demand and data center expansion

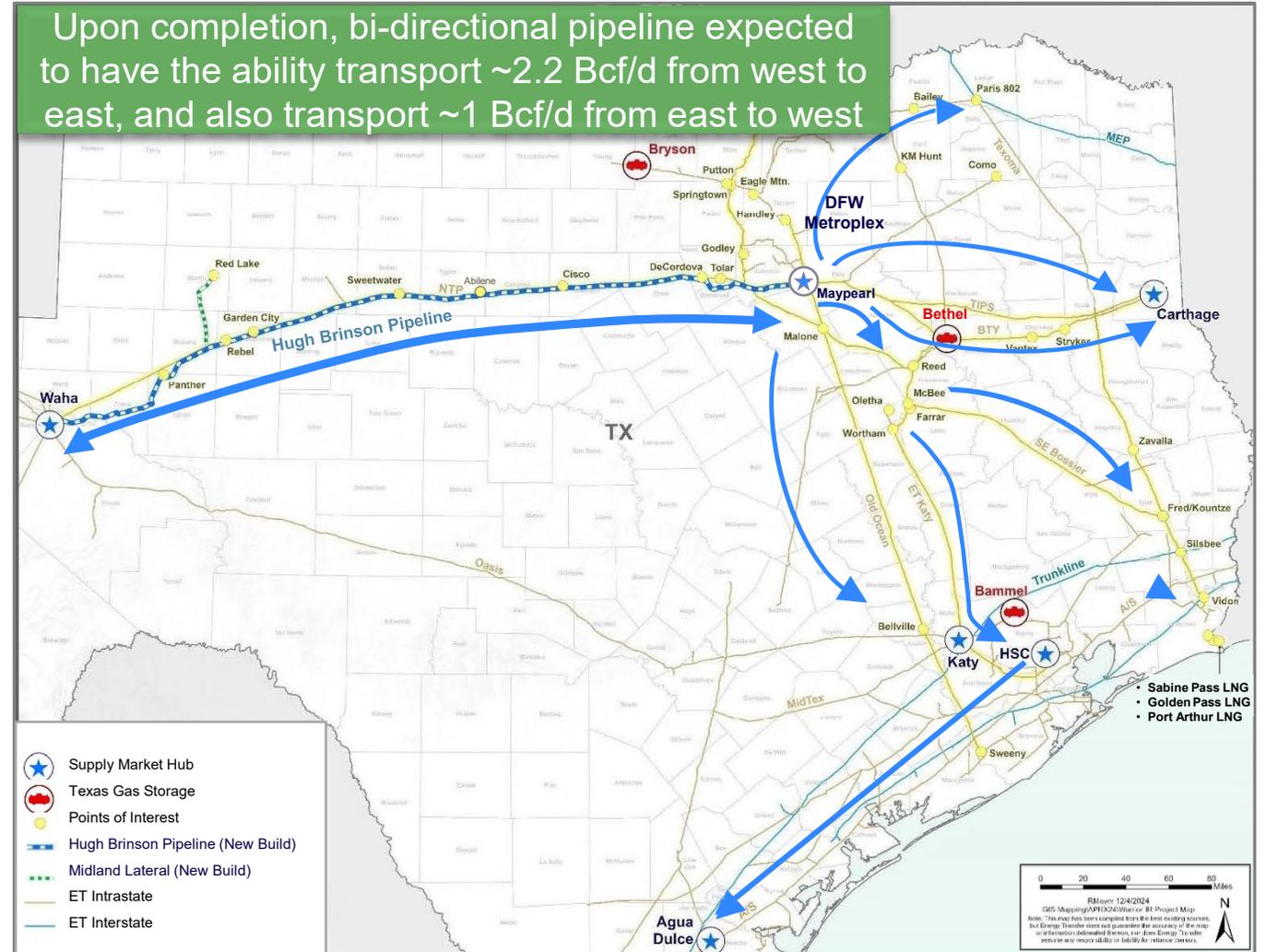
Hugh Brinson Pipeline Project

Serving Premier Texas Markets and Supporting Data Center and AI Growth

Hugh Brinson Pipeline Project

- **Phase I:** Construction underway on ~400 miles of 42" pipeline from Waha and the Midland Basin to Maypearl, TX
 - 100% of 42" pipeline has been delivered to pipe yards
 - Capacity of ~1.5 Bcf/d
 - Phase 1 is completely sold out and 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 in Q4 2026; however, if stay on current schedule, should have the ability to flow some early volumes prior to Phase I in service
- Phase I also includes construction of 42-mile, 36-inch Midland Lateral to connect ET processing plants in Martin and Midland counties to the Hugh Brinson Pipeline
- **Phase II:** Includes the addition of compression
 - Increases capacity to ~2.2 Bcf/d
 - Expected in service Q1 2027
- Fully contracted from west to east; also have growing amount of volumes committed on backhaul that is expected to add significant upside with no additional capital
- Total capital for Phase 1 and Phase 2 expected to be ~\$2.7B

Upon completion, bi-directional pipeline expected to have the ability transport ~2.2 Bcf/d from west to east, and also transport ~1 Bcf/d from east to west



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

Expanding World-Class NGL Export Facilities



Houston Terminal

Marcus Hook Terminal

- Construction underway on 900,000 Bbls refrigerated ethane storage tank and approximately 20,000 Bbls/d of incremental ethane chilling capacity
- Expected in service in Q3 2027



Marcus Hook Terminal – Ethane Tank Expansion

Total NGL Export Capacity
> 1.4mm 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
 - Firm transportation commitments in place



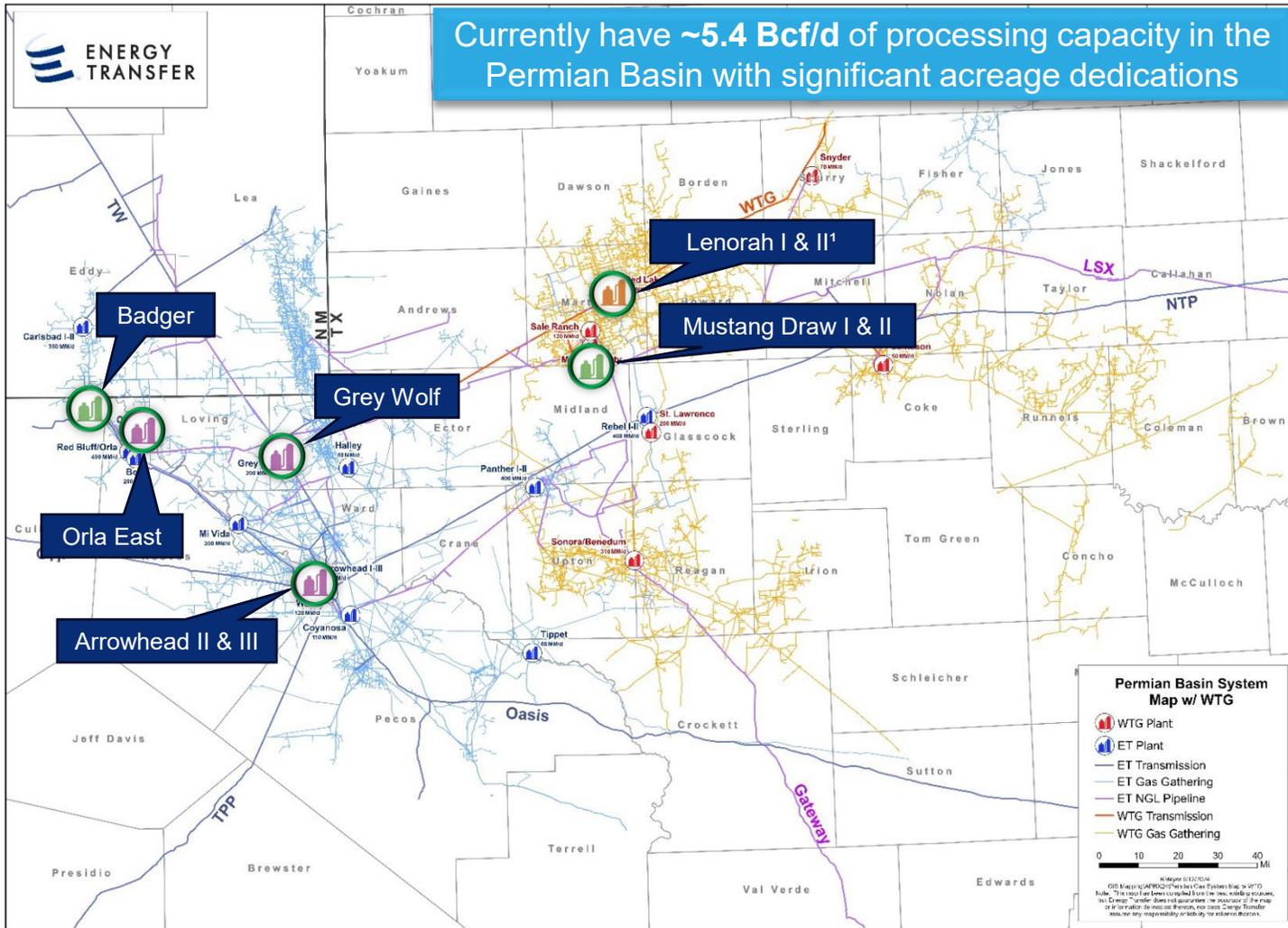
Nederland Terminal – Flexport Expansion

Nederland Terminal

- Flexport expansion project is added up to 250,000 Bbls/d of NGL export capacity
 - Ethane and propane in service
 - Ethylene export in service – exported first ethylene cargo in Dec. 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 Strengthening Position to Meet Growing Demand



Permian Basin Footprint

- **Processing Plant Optimizations**
 - Since mid-2024, added ~50 MMcf/d of capacity at four different Permian Basin processing plants for an incremental ~200 MMcf/d of processing capacity
- **Processing Plant Expansions**
 - Placed the 200 MMcf/d Badger plant into service in Q2 2025
 - Constructing Mustang Draw plant, which is expected to provide an incremental 275 MMcf/d of processing capacity in the Midland Basin
 - Expected to be in service in Q2 2026
 - Constructing Mustang Draw II, which will have a capacity of 275 MMcf/d
 - Supported by continued growth from existing customers
 - Expected to be in service in Q4 2026
 - The volumes from the tailgate of these plants will utilize Energy Transfer gas and NGL pipelines for takeaway from the basin
- **Lenorah I & II¹**
 - 200 MMcf/d Lenorah I processing plant placed into service following the closing of the WTG acquisition in July 2024
 - 200 MMcf/d Lenorah II processing plant was placed in service in the Midland Basin in Q2 2025 – the plant is currently running at full capacity

1. Lenorah I was formerly known as Red Lake III and Lenorah II was formerly known as Red Lake IV

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

2024 emissions reduction from Dual Drive & CCS:
~822,000
Tons of CO₂



Power Generation

- Construction underway on 8 natural gas-fired electric generation facilities to support Energy Transfer's operations in Texas. The third facility is expected in service in Q1 2026, with the remaining five facilities expected to be fully constructed and ready for service later in 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 *

	2020	2021	2022	2023	2024	2025				
	Full Year	Q1	Q2	Q3	Q4	Full Year				
Net income	\$ 140	\$ 6,687	\$ 5,868	\$ 5,294	\$ 6,565	\$ 1,720	\$ 1,458	\$ 1,292	\$ 1,238	\$ 5,708
Depreciation, depletion and amortization	3,678	3,817	4,164	4,385	5,165	1,367	1,384	1,440	1,491	5,682
Interest expense, net	2,327	2,267	2,306	2,578	3,125	809	865	890	910	3,474
Income tax expense	237	184	204	303	541	41	79	87	143	350
Impairment losses and other	2,880	21	386	12	52	4	3	1	277	285
(Gains) losses on interest rate derivatives	203	(61)	(293)	(36)	(6)	-	-	-	-	-
Non-cash compensation expense	121	111	115	130	151	37	33	40	38	148
Unrealized (gains) losses on commodity risk management activities	71	(162)	(42)	(3)	56	69	(100)	(1)	(98)	(130)
Inventory valuation adjustments (Sunoco LP)	82	(190)	(5)	114	86	(61)	40	(10)	187	156
Losses (gains) on extinguishments of debt	75	38	-	(2)	12	2	17	12	3	34
Adjusted EBITDA related to unconsolidated affiliates	628	523	565	691	692	167	182	193	184	726
Equity in earnings of unconsolidated affiliates	(119)	(246)	(257)	(383)	(379)	(92)	(105)	(116)	(106)	(419)
Impairment of investment in unconsolidated affiliates	129	-	-	-	-	-	-	-	-	-
Non-operating litigation-related costs	-	-	-	627	-	-	-	-	-	-
Gain on sale of Sunoco LP West Texas assets	-	-	-	-	(586)	-	-	-	-	-
Other, net	79	57	82	(12)	9	35	10	10	(85)	(30)
Adjusted EBITDA (consolidated)	10,531	13,046	13,093	13,698	15,483	4,098	3,866	3,838	4,182	15,984
Adjusted EBITDA related to unconsolidated affiliates	(628)	(523)	(565)	(691)	(692)	(167)	(182)	(193)	(184)	(726)
Distributable Cash Flow from unconsolidated affiliates	452	346	359	485	486	111	129	128	142	510
Interest expense, net	(2,327)	(2,267)	(2,306)	(2,578)	(3,125)	(809)	(865)	(890)	(910)	(3,474)
Preferred unitholders' distributions	(378)	(418)	(471)	(511)	(361)	(72)	(65)	(61)	(89)	(287)
Current income tax expense	(27)	(44)	(18)	(100)	(265)	(57)	(55)	(27)	(34)	(173)
Transaction-related income taxes	-	-	(42)	-	179	-	-	-	-	-
Maintenance capital expenditures	(520)	(581)	(821)	(860)	(1,161)	(202)	(305)	(347)	(462)	(1,316)
Other, net	74	68	20	41	90	22	13	26	36	97
Distributable Cash Flow (consolidated)	7,177	9,627	9,249	9,484	10,634	2,924	2,536	2,474	2,681	10,615
Distributable Cash Flow attributable to Sunoco LP and SunocoCorp	(516)	(542)	(648)	(659)	(946)	(310)	(290)	(319)	(344)	(1,263)
Distributions from Sunoco LP	165	165	166	173	245	64	67	68	87	286
Distributable Cash Flow attributable to USAC (100%)	(221)	(209)	(221)	(281)	(355)	(89)	(90)	(103)	(104)	(386)
Distributions from USAC	97	97	97	97	97	24	24	25	24	97
Distributable Cash Flow attributable to noncontrolling interests in other non-wholly-owned entities	(1,015)	(1,113)	(1,240)	(1,352)	(1,335)	(308)	(289)	(251)	(305)	(1,153)
Distributable Cash Flow attributable to the partners of Energy Transfer ^(a)	5,687	8,025	7,403	7,462	8,340	2,305	1,958	1,894	2,039	8,196
Transaction-related adjustments	55	194	44	116	23	2	1	1	2	6
Distributable Cash Flow attributable to the partners of Energy Transfer, as adjusted ^(a)	\$ 5,742	\$ 8,219	\$ 7,447	\$ 7,578	\$ 8,363	\$ 2,307	\$ 1,959	\$ 1,895	\$ 2,041	\$ 8,202

* See definitions of non-GAAP measures on next slide

Non-GAAP Reconciliation

Definitions

(a) Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures used by industry analysts, investors, lenders and rating agencies to assess the financial performance and the operating results of Energy Transfer's fundamental business activities and should not be considered in isolation or as a substitute for net income, income from operations, cash flows from operating activities or other GAAP measures.

There are material limitations to using measures such as Adjusted EBITDA and Distributable Cash Flow, including the difficulty associated with using either as the sole measure to compare the results of one company to another, and the inability to analyze certain significant items that directly affect a company's net income or loss or cash flows. In addition, our calculations of Adjusted EBITDA and Distributable Cash Flow may not be consistent with similarly titled measures of other companies and should be viewed in conjunction with measures that are computed in accordance with GAAP, such as operating income, net income and cash flows from operating activities.

We define Adjusted EBITDA as total partnership earnings before interest, taxes, depreciation, depletion, amortization and other non-cash items, such as non-cash compensation expense, gains and losses on disposals of assets, the allowance for equity funds used during construction, unrealized gains and losses on commodity risk management activities, inventory valuation adjustments, non-cash impairment charges, losses on extinguishments of debt, certain foreign currency transaction gains and losses 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 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.