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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2024
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission File Number: 001-35653

SUNOCO LP

(Exact name of registrant as specified in its charter)

Delaware	**30-0740483**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

8111 Westchester Drive, Suite 400, Dallas, Texas 75225
(Address of principal executive offices, including zip code)
Registrant's telephone number, including area code: **(214) 981-0700**
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units Representing Limited Partner Interests	**SUN**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Registration S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging Growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2024, the aggregate market value of common units representing limited partner interests held by non-affiliates of the registrant was approximately $6.1 billion based upon the closing price of its common units on the New York Stock Exchange.

The registrant had 136,235,878 common units and 16,410,780 Class C units, both representing limited partner interests outstanding as of February 7, 2025.

Documents Incorporated by Reference: None

SUNOCO LP
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Annual Report on Form 10-K may contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact included in this Annual Report on Form 10-K, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. Statements using words such as "believe," "plan," "could," "expect," "anticipate," "intend," "forecast," "assume," "estimate," "continue," "position," "predict," "project," "goal," "strategy," "budget," "potential," "will" and other similar words or phrases are used to help identify forward-looking statements, although not all forward-looking statements contain such identifying words. Descriptions of our objectives, goals, targets, plans, strategies, costs, anticipated capital expenditures, expected cost savings and benefits are also forward-looking statements. These forward-looking statements are based on our current plans and expectations and involve a number of risks and uncertainties that could cause actual results and events to vary materially from the results and events anticipated or implied by such forward-looking statements, including:

- our ability to make, complete and integrate acquisitions from affiliates or third parties;
- business strategy and operations of Energy Transfer LP ("Energy Transfer") and its conflicts of interest with us;
- changes in the price of and demand for the motor fuel that we distribute and our ability to appropriately hedge any motor fuel we hold in inventory;
- our dependence on limited principal suppliers;
- competition in the wholesale motor fuel distribution and retail store industry;
- changing customer preferences for alternate fuel sources or improvement in fuel efficiency;
- volatility of fuel prices or a prolonged period of low fuel prices and the effects of actions by, or disputes among or between, oil producing countries with respect to matters related to the price or production of oil;
- any acceleration of the domestic and/or international transition to a low carbon economy as a result of the Inflation Reduction Act of 2022 ("IRA 2022") or otherwise;
- the possibility of cyber and malware attacks;
- changes in our credit rating, as assigned by rating agencies;
- a deterioration in the credit and/or capital markets, including as a result of recent increases in cost of capital resulting from Federal Reserve policies and changes in financial institutions' policies or practices concerning businesses linked to fossil fuels;
- general economic conditions, including sustained periods of inflation, supply chain disruptions and associated central bank monetary policies;
- environmental, tax and other federal, state and local laws and regulations;
- the fact that we are not fully insured against all risks incident to our business;
- dangers inherent in the storage and transportation of motor fuel;
- our ability to manage growth and/or control costs;
- our reliance on senior management, supplier trade credit and information technology; and
- our partnership structure, which may create conflicts of interest between us and Sunoco GP LLC (our "General Partner") and its affiliates, and limits the fiduciary duties of our General Partner and its affiliates.

All forward-looking statements, express or implied, are expressly qualified in their entirety by the foregoing cautionary statements.

New factors that could impact forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors. Should one or more of the risks or uncertainties described or referenced in this Annual Report on Form 10-K occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements.

For a discussion of these and other risks and uncertainties, please refer to "Item 1A. Risk Factors" included herein. The list of factors that could affect future performance and the accuracy of forward-looking statements is illustrative but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty. The forward-looking statements included in this report are based on, and include, our estimates as of the filing of this report. We anticipate that subsequent events and market developments will cause our estimates to change. However, while we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so except as required by law, even if new information becomes available in the future.

In addition to risks and uncertainties in the ordinary course of business that are common to all businesses, important factors that are specific to our structure as a limited partnership, our industry and our company could materially impact our future performance and results of operations.

PART I

Item 1. Business

General

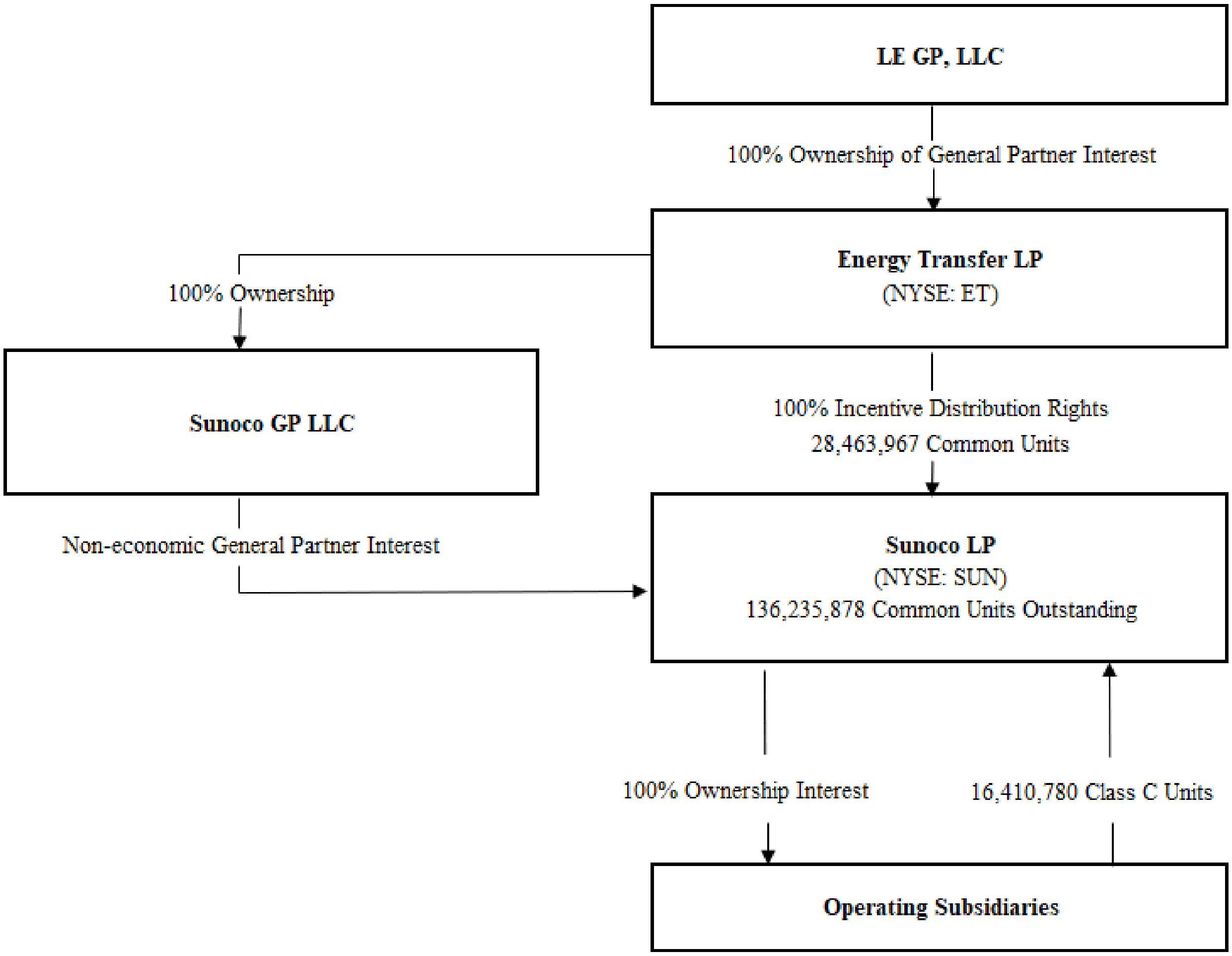
As used in this report, the terms "Partnership," "SUN," "we," "us" or "our" should be understood to refer to Sunoco LP and our consolidated subsidiaries as applicable and appropriate.

Overview

We are a Delaware master limited partnership. We are managed by our general partner, Sunoco GP LLC (our "General Partner"), which is owned by Energy Transfer LP ("Energy Transfer"). As of February 7, 2025, Energy Transfer owned 100% of the membership interest in our General Partner, 28,463,967 of our common units and all of our incentive distribution rights ("IDRs").

We are primarily engaged in energy infrastructure and distribution of motor fuels in over 40 U.S. states, Puerto Rico, Europe and Mexico. Our midstream operations include an extensive network of over 14,000 miles of pipeline and over 100 terminals. Our fuel distribution operations serve approximately 7,400 Sunoco and partner branded locations and additional independent dealers and commercial customers.

The following simplified diagram depicts our organizational structure as of February 7, 2025.



Significant Achievements in 2024

NuStar Acquisition

On May 3, 2024, we completed the acquisition of 100% of the common units of NuStar Energy L.P. ("NuStar"). Under the terms of the agreement, NuStar common unitholders received 0.400 SUN common units for each NuStar common unit. In connection with the acquisition, we issued approximately 51.5 million common units, which had a fair value of approximately $2.85 billion, assumed debt totaling approximately $3.5 billion, including approximately $56 million of lease related financing obligations, and assumed preferred units with a fair value of approximately $800 million. We also redeemed all outstanding NuStar preferred units, totaling $784 million, redeemed NuStar's subordinated notes totaling $403 million and repaid and terminated NuStar's credit facility totaling $455 million. NuStar has approximately 9,500 miles of pipeline and 63 terminal and storage facilities that store and distribute crude oil, refined products, renewable fuels, ammonia and specialty liquids. The acquisition is expected to diversify the Partnership's business, increase scale and provide vertical integration, as well as improving the Partnership's credit profile and enhancing growth.

Zenith European Terminals Acquisition

On March 13, 2024, we completed the acquisition of liquid fuels terminals in Amsterdam, Netherlands and Bantry Bay, Ireland from Zenith Energy for €170 million ($185 million), including working capital. The acquisition is expected to supply optimization for the Partnership's existing East Coast business and continues its focus on growing its portfolio of stable midstream income.

Other Acquisition

On August 30, 2024, we acquired a terminal in Portland, Maine for approximately $24 million, including working capital.

West Texas Sale

On April 16, 2024, we completed the sale of 204 convenience stores located in West Texas, New Mexico and Oklahoma to 7-Eleven, Inc. for approximately $1.0 billion, including customary adjustments for fuel and merchandise inventory. As part of the sale, SUN also amended its existing take-or-pay fuel supply agreement with 7-Eleven, Inc. to incorporate additional fuel gross profit.

ET-S Permian

Effective July 1, 2024, SUN and Energy Transfer formed ET-S Permian, a joint venture combining their respective crude oil and produced water gathering assets in the Permian Basin. SUN contributed all of its Permian crude oil gathering assets and operations to ET-S Permian. Energy Transfer contributed its Permian crude oil and produced water gathering assets and operations to ET-S Permian. Energy Transfer's long-haul crude pipeline network that provides transportation of crude oil out of the Permian Basin to Nederland, Houston, and Cushing is excluded from ET-S Permian.

ET-S Permian operates more than 5,000 miles of crude oil and water gathering pipelines with crude oil storage capacity in excess of 11 million barrels.

SUN holds a 32.5% interest, with Energy Transfer holding the remaining 67.5% interest in ET-S Permian. Energy Transfer serves as the operator of ET-S Permian.

Available Information

Our principal executive offices are located at 8111 Westchester Drive, Suite 400, Dallas, Texas 75225. Our telephone number is (214) 981-0700. Our Internet address is *www.sunocolp.com.* We make available through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission (the "SEC"). Information contained on our website is not part of this report. The SEC maintains an Internet site at *www.sec.gov* that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our Relationship with Energy Transfer LP

One of our principal strengths is our relationship with Energy Transfer. As of February 7, 2025, Energy Transfer owned 100% of the membership interest in our General Partner, all of our IDRs and 28,463,967 of our common units. Given the significant ownership, we believe Energy Transfer will be motivated to promote and support the successful execution of our business strategies. In particular, we believe it will be in the best interest of Energy Transfer to facilitate organic growth opportunities and accretive acquisitions of third parties, although Energy Transfer is not under any obligation to do so.

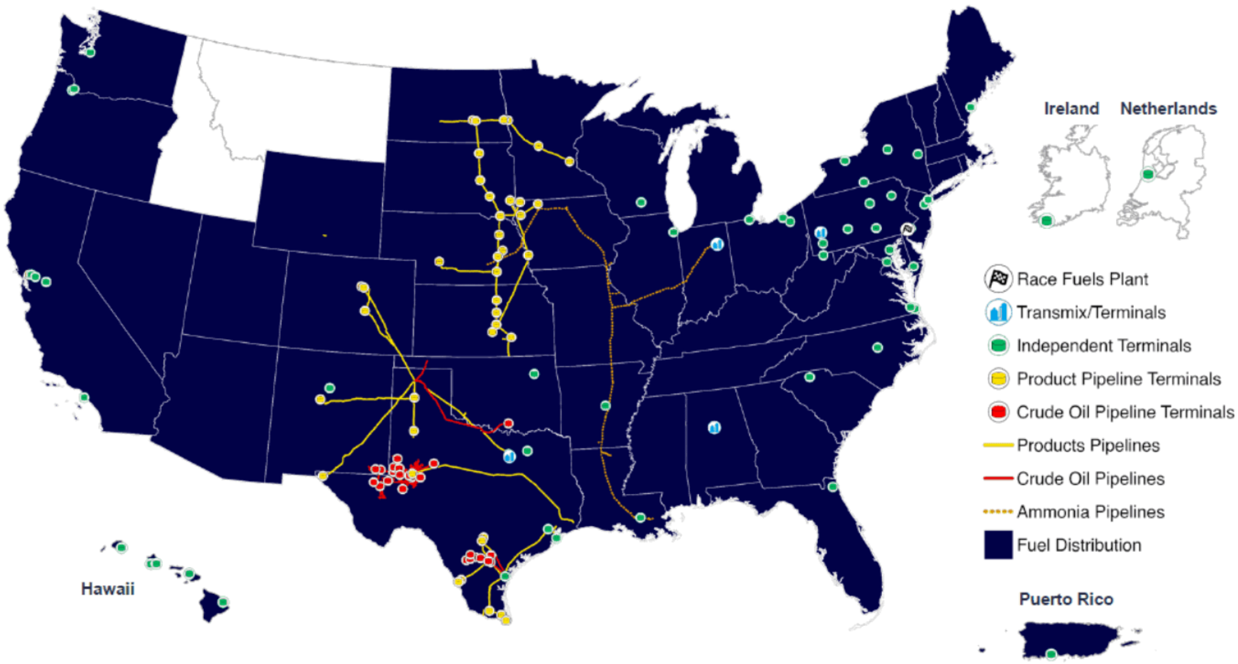
Energy Transfer is one of the largest and most diversified midstream energy companies in North America. Energy Transfer, through its wholly owned operating subsidiaries, is primarily engaged in:

- natural gas midstream, intrastate and interstate transportation and storage operations; and
- crude oil, natural gas liquids ("NGL") and refined products transportation, terminalling services, and acquisition and marketing activities as well as NGL storage and fractionation services and liquefied natural gas ("LNG") regasification.

Our Business and Operations

Our business is comprised of three reportable segments: Fuel Distribution, Pipeline Systems and Terminals.

The map below depicts the major assets of our business and excludes corporate and field offices and certain assets that are less significant to SUN.



Fuel Distribution Segment

We are a distributor of motor fuels and other petroleum products which we supply to third-party dealers and distributors, to independent operators of commission agent locations, other commercial consumers of motor fuel and to our retail locations.

We are the exclusive wholesale supplier of the Sunoco and EcoMaxx-branded motor fuels, supplying an extensive distribution network of approximately 5,619 company and third-party operated locations throughout the United States and Puerto Rico. We believe we are one of the largest independent motor fuel distributors, by gallons, in the United States. We also are one of the largest distributors of Chevron, Texaco, ExxonMobil and Valero branded motor fuel in the United States. In addition to distributing motor fuels, we also distribute other petroleum products such as propane and lubricating oil, and we receive lease income from real estate that we lease or sublease.

We purchase motor fuel primarily from independent refiners and major oil companies and distribute it across more than 40 U.S. states and territories, including Hawaii and Puerto Rico, to:

- 76 company-operated retail stores;
- 252 independently operated commission agent locations where we sell motor fuel to retail customers under commission agent arrangements with such operators;
- 6,965 retail stores operated by independent operators, which we refer to as “dealers” or “distributors,” pursuant to long-term distribution agreements; and
- approximately 2,000 other commercial customers, including unbranded retail stores, other fuel distributors, school districts, municipalities and other industrial customers.

The Fuel Distribution segment also includes one terminal, the Partnership’s retail operations in Hawaii and New Jersey, credit card services and franchise royalties.

Dealer Incentives

In addition to motor fuel distribution, we offer dealers the opportunity to participate in merchandise purchasing and promotional programs arranged with vendors. We believe the vendor relationships we have established through our retail operations and our ability to develop programs provide us with an advantage over other distributors when recruiting new dealers into our network as well as with retaining current dealers. Our dealer incentives give our dealers access to discounted rates on products and services that they would likely not be able to obtain on their own.

Sales to Contracted Third Parties

We distribute fuel under long-term contracts to branded distributors, branded and unbranded convenience stores, and branded and unbranded retail fuel outlets operated by third parties. 7-Eleven, Inc. is the only third-party dealer or distributor which is individually over 10% of our Fuel Distribution segment or individually over 10%, in terms of revenue, of our aggregate business.

Sunoco-branded supply contracts with distributors generally have both time and volume commitments that establish contract duration. These contracts have an initial term of approximately ten years with an estimated volume-weighted term remaining of approximately five years.

Distribution contracts with retail stores generally commit us to distribute branded (including, but not limited to, Sunoco-branded) or unbranded motor fuel to a location or group of locations and arrange for all transportation and logistics. These contracts require, among other things, that dealers maintain the standards established by the applicable fuel brand, if any. The initial term of these contracts ranges from three to 20 years, with most contracts lasting for 10 years.

Our supply contracts and distribution contracts are typically constructed so that we receive either (i) a fee per gallon equal to the posted rack rate, less any applicable commercial discounts, plus transportation costs, taxes and a fixed, volume-based fee, which is usually expressed in cents per gallon, or (ii) a variable cent per gallon margin ("dealer tank wagon pricing").

During 2024, our Fuel Distribution business distributed fuel to 252 commission agent locations. Under these arrangements, we generally provide and control motor fuel inventory and price at the site and receive actual retail selling price for each gallon sold, less a commission paid to the independent commission agents.

We continually seek to expand through the addition of new branded dealers, distributors and commission agent locations, new unbranded commercial customers and through acquisitions of contracts for existing independently operated sites from other distributors. We evaluate potential independent site operators based on their creditworthiness and the quality of their sites and operations, including the site's size and location, projected monthly volumes of motor fuel, monthly merchandise sales, overall financial performance and previous operating experience. We may extend credit to certain dealers based on our credit evaluation process.

Sales to Other Commercial Customers

We distribute unbranded fuel to numerous other customers, including retail stores, unattended fueling facilities and certain other commercial customers. These customers are primarily commercial, governmental and other parties who buy motor fuel by the load or in bulk and who do not generally enter into exclusive contractual relationships with us, if they enter into a contractual relationship with us at all. Sales to these customers are typically made at a quoted price based upon our cost plus taxes, cost of transportation and a margin determined at time of sale, and may provide for immediate payment or the extension of credit for up to 45 days. We also sell propane, lubricating oil and other petroleum products, such as heating fuels, to our commercial customers on both a spot and contracted basis. In addition, we receive income from the manufacture and distribution sale of race fuels at our Marcus Hook, Pennsylvania manufacturing facility.

Fuel Supplier Arrangements

We distribute branded motor fuel under the Aloha, Chevron, Citgo, Conoco, EcoMaxx, Exxon, Mahalo, Mobil, Phillips 66, Shamrock, Shell, Sunoco, Texaco and Valero brands. We purchase branded motor fuel from major oil companies and refiners under supply agreements. Our largest branded fuel suppliers in terms of volume are Chevron, Exxon, Phillips 66 and Valero. The branded fuel supply agreements generally have an initial term of three to five years. Each supply agreement typically contains provisions relating to payment terms, use of the supplier's brand names, credit card processing, compliance with other of the supplier's requirements, insurance coverage and compliance with legal and environmental requirements, among others.

We also distribute unbranded motor fuel, which we purchase in bulk, on a rack basis based upon prices posted by the refiner at a fuel supply terminal or on a contract basis with the price tied to one or more market indices.

Bulk Fuel Purchases

We purchase motor fuel in bulk and hold it in inventory or transport it via pipeline. To mitigate inventory risk, we use commodity futures contracts or other derivative instruments, which are matched in quantity and timing to the anticipated usage of the inventory. We also blend in various additives, including ethanol and biomass-based diesel.

Transportation Logistics

We provide transportation logistics for most of our motor fuel deliveries through our own fleet of fuel transportation vehicles as well as third-party and affiliated transportation providers. We arrange for motor fuel to be delivered from the storage terminals to the appropriate sites in our distribution network at prices consistent with those historically charged to third parties for the delivery of fuel. We also deliver motor fuel, propane and lubricating oils to commercial customers involved in petroleum exploration and production.

Technology

Technology is an important part of our Fuel Distribution segment. We utilize a proprietary web-based system that allows our wholesale customers to access their accounts at any time from a personal computer to obtain prices, place orders and review invoices, credit card transactions and electronic funds transfer notifications. Substantially all of our customer payments are processed by electronic funds transfer. We use an Internet-based system to assist with fuel inventory management and procurement and an integrated distribution fuel system for financial accounting, procurement, billing and inventory management.

Sale of Regulated Products

In certain areas where our convenience stores are located, state or local laws limit the hours of operation for the sale of alcoholic beverages and restrict the sale of alcoholic beverages and tobacco products to persons younger than a certain age. State and local regulatory agencies have the authority to approve, revoke, suspend or deny applications for and renewals of permits and licenses relating to the sale of alcoholic beverages, as well as to issue fines to convenience stores for the improper sale of alcoholic beverages and tobacco products. Failure to comply with these laws may result in the loss of necessary licenses and the imposition of fines and penalties on us.

Pipeline Systems Segment

Our Pipeline Systems segment includes an integrated pipeline and terminal network comprised of approximately 6,000 miles of refined product pipeline (including the pipeline of our J.C. Nolan joint venture), approximately 6,000 miles of crude oil pipeline (including the pipelines of ET-S Permian), approximately 2,000 miles of ammonia pipeline and 67 terminals.

The following details our pipelines and storage facilities, excluding our investments in J.C. Nolan and ET-S Permian, in the Pipeline Systems segment:

Description of Assets	Miles of Pipeline	Storage Capacity (Barrels)
Southwest Crude and Refined Products System		
McKee Refined Product System	1,981	—
Three Rivers System	378	—
Valley Pipeline System	271	—
Other	285	—
Southwest Refined Products Pipelines	2,915	—
Corpus Christi Crude Pipeline System	538	2,157,000
McKee Crude System	388	1,039,000
Ardmore System	119	824,000
Southwest Crude Oil Pipelines	1,045	4,020,000
Total Southwest Crude and Refined Products System	3,960	4,020,000
Mid-Continent Refined Product System		
East Pipeline	2,045	5,906,000
North Pipeline	450	1,503,000
Total Mid-Continent Refined Product System	2,495	7,409,000
Ammonia System		
Ammonia Pipeline	2,010	—
Total Ammonia System	2,010	—
Total	8,465	11,429,000

J.C. Nolan Joint Venture

Through our investment in the J.C. Nolan Terminal, a joint venture with Energy Transfer, we provide diesel fuel storage in Midland, Texas with storage capacity of 130,000 barrels. Additionally, through our investment in the J.C. Nolan Pipeline, we transport diesel fuel from a tank farm in Hebert, Texas to Midland, Texas, on a 500 mile pipeline with a throughput capacity of approximately 36 thousand barrels per day.

ET-S Permian

Effective July 1, 2024, SUN and Energy Transfer formed ET-S Permian, combining their respective crude oil and produced water gathering assets in the Permian Basin. SUN contributed all of its Permian crude oil gathering assets and operations to ET-S Permian. Energy Transfer contributed its Permian crude oil and produced water gathering assets and operations to ET-S Permian. Energy Transfer's long-haul crude pipeline network that provides transportation of crude oil out of the Permian Basin to Nederland, Houston, and Cushing is excluded from ET-S Permian.

ET-S Permian operates more than 5,000 miles of crude oil and water gathering pipelines with crude oil storage capacity in excess of 11 million barrels.

SUN holds a 32.5% interest, with Energy Transfer holding the remaining 67.5% interest in ET-S Permian. Energy Transfer serves as the operator of ET-S Permian.

Terminals Segment

Through our Terminals segment, we operate four transmix processing facilities and 56 refined product terminals (two in Europe, six in Hawaii and 48 in the continental United States). Transmix is the mixture of various refined products (primarily gasoline and diesel) created in the supply chain (primarily in pipelines and terminals) when various products interface with each other. Transmix processing plants separate this mixture and return it to salable products of gasoline and diesel. Our refined product terminals provide storage and distribution services used to supply our own retail stations as well as third-party customers. In addition, we provide services at our terminals to various third-party throughput customers.

Real Estate and Lease Arrangements

As of December 31, 2024, our real estate and lease arrangements were as follows:

	Owned	Leased
Dealer and commission agent sites	390	199
Company-operated retail stores	8	47
Warehouses, offices and other	125	37
Total	523	283

Competition

In the Fuel Distribution segment, we compete primarily with other independent motor fuel distributors. The markets for distribution of motor fuel and the retail store industry are highly competitive and fragmented, which result in narrow margins. We have numerous competitors, some of which may have significantly greater resources and name recognition than we do. Significant competitive factors include the availability of major brands, customer service, price, range of services offered and quality of service, among others. We rely on our ability to provide value-added, reliable service and control our operating costs in order to maintain our margins and competitive position. Additionally, we face strong competition in the market for the sale of retail gasoline and merchandise. Our competitors include service stations of large integrated oil companies, independent gasoline service stations, convenience stores, fast food stores, supermarkets, drugstores, dollar stores, club stores and other similar retail outlets, some of which are well-recognized national or regional retail systems. The number of competitors varies depending on the geographical area. Competition also varies with gasoline and convenience store offerings. The principal competitive factors affecting our retail marketing operations include gasoline and diesel acquisition costs, site location, product price, selection and quality, site appearance and cleanliness, hours of operation, store safety, customer loyalty and brand recognition. We compete by pricing gasoline competitively, combining our retail gasoline business with convenience stores that provide a wide variety of products, and using advertising and promotional campaigns.

In the Pipeline Systems segment, we compete primarily with common carrier and proprietary pipelines owned and operated by major integrated and large independent oil companies and other pipeline companies in our service areas. Competition between common carrier pipelines is based primarily on transportation charges, quality of customer service and proximity to end users. Trucks may deliver products competitively for short-haul destinations; however, trucking costs render that mode of transportation noncompetitive with pipeline options for long-haul destinations or for larger volumes.

In the Terminals segment, we compete primarily with both major energy and chemical companies as well as independent terminal owners. Although major energy and chemical company terminals often have the same capabilities as terminals owned by independent operators, they generally do not provide terminalling services to third parties. In many instances, even major energy and chemical companies that have storage and terminalling facilities are also significant customers of independent terminal operators, especially terminals located in cost-effective locations near key transportation links, such as deep-water ports. Major energy and chemical companies also need independent terminal storage when their proprietary storage facilities are inadequate due to size constraints, the nature of the stored material or specialized handling requirements. Independent terminal owners generally compete on the basis of the location and versatility of terminals, service and price. A favorably located terminal will have access to various cost-effective transportation modes both to and from the terminal. Transportation modes typically include waterways, railroads, roadways and pipelines. Terminal versatility is a function of the operator's ability to offer complex handling requirements for diverse products. The services typically provided by the terminal include, among other things, the safe storage of the product at specified temperature, moisture and other conditions, as well as receipt at and delivery from the terminal, all of which must comply with applicable environmental regulations. A terminal operator's ability to obtain attractive pricing is often dependent on the quality, versatility and reputation of the facilities owned by the operator. Operators with versatile storage capabilities typically require less modification prior to usage, ultimately making the storage cost to the customer more attractive. On the West Coast, regulatory priorities continue to increase demand for renewable fuels in the region, while at the same time, obtaining permits for greenfield projects remains difficult, which both add more value to our existing assets.

Seasonality

Our business exhibits some seasonality due to our customers' increased demand for motor fuel during the late spring and summer months, as compared to the fall and winter months. Travel, recreation and construction activities typically increase in these months in the geographic areas in which we operate, increasing the demand for motor fuel. Therefore, the volume of motor fuel that we distribute is typically somewhat higher in the second and third quarters of our fiscal year. As a result, our results from operations may vary from period to period.

Working Capital Requirements

Related to our retail store operations, we maintain customary levels of fuel and merchandise inventories and carry corresponding payable balances to suppliers of those inventories. In addition, Sunoco LLC purchases and stores a significant amount of unbranded fuel in bulk. We also have rental obligations related to leased locations. Our working capital needs will typically fluctuate over the medium to long term with the price of crude oil, and over the short term due to the timing of motor fuel tax, sales tax, interest and rent payments.

Environmental Matters

Environmental Laws and Regulations

We are subject to various federal, state and local environmental laws and regulations, including those relating to underground storage tanks; the release or discharge of hazardous materials into the air, water and soil; the generation, storage, handling, use, transportation and disposal of regulated materials; the exposure of persons to regulated materials; and the remediation of contaminated soil and groundwater. For more information, see "Our operations are subject to federal, state and local laws and regulations pertaining to environmental protection and operational safety that may require significant expenditures or result in liabilities that could have a material adverse effect on our business" in "Item 1A. Risk Factors" in this Annual Report on Form 10-K.

Environmental laws and regulations can restrict or impact our business activities in many ways, such as:

- requiring remedial action to mitigate releases of hydrocarbons, hazardous substances or wastes caused by our operations or attributable to former operators;
- requiring capital expenditures to comply with environmental control requirements; and
- enjoining the operations of facilities deemed to be in noncompliance with environmental laws and regulations.

Failure to comply with environmental laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements and the issuance of orders enjoining or otherwise curtailing future operations. Certain environmental statutes impose strict, joint and several liability for costs required to clean up and restore sites where hydrocarbons, hazardous substances or wastes have been released or disposed of. Moreover, neighboring landowners and other third parties may file claims for personal injury and property damage allegedly caused by the release of hydrocarbons, hazardous substances or other wastes into the environment.

We do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our financial position, results of operations or cash available for distribution to our unitholders. Any future change in regulatory requirements could cause us to incur significant costs. We incorporate by reference into this section our disclosures included in Note 13 to our consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data."

Hazardous Substances and Releases

Certain environmental laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), impose strict, and under certain circumstances, joint and several, liability on the owner and operator as well as former owners and operators of properties for the costs of investigation, removal or remediation of contamination and also impose liability for any related damages to natural resources without regard to fault. In addition, under CERCLA and similar state laws, as persons who arrange for the transportation, treatment or disposal of hazardous substances, we also may be subject to similar liability at sites where such hazardous substances come to be located. We may also be subject to third-party claims alleging property damage and/or personal injury in connection with releases of or exposure to hazardous substances at, from or in the vicinity of, our current properties or off-site waste disposal sites.

We are required to comply with federal and state financial responsibility requirements to demonstrate that we have the ability to pay for remediation or to compensate third parties for damages incurred as a result of a release of regulated materials from our underground storage tank systems. We meet these requirements primarily by maintaining insurance, which we purchase from private insurers.

Environmental Reserves

We are currently involved in the investigation and remediation of contamination at motor fuel storage and gasoline store sites where releases of regulated substances have been detected. We accrue for anticipated future costs and the related probable state reimbursement amounts for remediation activities. Accordingly, we have recorded estimated undiscounted liabilities for these sites totaling $28 million as of December 31, 2024. As of December 31, 2024, we have additional reserves of $84 million that represent our estimate for future asset retirement obligations for underground storage tanks.

Underground Storage Tanks

We are required to make financial expenditures to comply with regulations governing underground storage tanks adopted by federal, state and local regulatory agencies. Pursuant to the Resource Conservation and Recovery Act of 1976, as amended, the Environmental Protection Agency ("EPA") has established a comprehensive regulatory program for the detection, prevention, investigation and cleanup of leaking underground storage tanks. State or local agencies are often delegated the responsibility for implementing the federal program or developing and implementing equivalent state or local regulations. We have a comprehensive program in place for performing routine tank testing and other compliance activities, which are intended to promptly detect and investigate any potential releases. To date, compliance with applicable underground storage tank requirements have not had a material adverse impact on our business, though we cannot guarantee this will always be the case.

Air Emissions and Climate Change

The Clean Air Act and similar state laws impose requirements on emissions to the air from motor fueling activities in certain areas of the country, including those that do not meet state or national ambient air quality standards. These laws and implementing regulations may require the installation of vapor recovery systems to control emissions of volatile organic compounds to the air during the motor fueling process or otherwise in the course of our operations. For example, in October 2024, the EPA finalized changes to its new source performance standards ("NSPS") for new, modified and reconstructed storage vessels containing volatile organic liquids, a term which includes certain of our products. The EPA's final rule created new NSPS subpart Kc, which broadened the definition of modification for storage tanks (which would result in significantly broader application of this rule to existing tanks), introduced more stringent emission control requirements for certain tanks, imposed additional annual monitoring requirements for certain tanks, and require control of degassing events, amongst other matters. Costs to comply with new rules under the Clean Air Act can be substantial. In addition, under the Clean Air Act and comparable state and local laws, permits are typically required to emit regulated air pollutants into the atmosphere. Although we can give no assurances, we are aware of no changes to air quality regulations that will have a material adverse effect on our financial condition, results of operations or cash available for distribution to our unitholders.

Various federal, state and local agencies have the authority to prescribe product quality specifications for the motor fuels that we sell, largely in an effort to reduce air pollution. Failure to comply with these regulations can result in substantial penalties. To date, compliance with applicable product quality specifications for motor fuels has not had a material adverse impact on our business, though we cannot guarantee this will always be the case.

In recent years, there have been a number of efforts at the federal and state level focused on reducing the levels of greenhouse gas ("GHG") emissions from various sources in the United States. At both the state and the federal level, legislators have from time to time considered legislation to reduce GHG emissions in the United States such as a carbon emissions tax or a cap-and-trade program or direct emission regulation by the EPA. For example, in 2022 President Biden signed the IRA 2022 into law, which appropriated significant federal funding for renewable energy initiatives and imposed the first-ever federal fee on methane emissions from certain oil and gas facilities. While the Trump Administration through Congress may seek to repeal or modify the IRA 2022 methane fee and other provisions of the law, we cannot predict with any certainty whether, how, or the timing for when such actions may occur. Even in the absence of new federal legislation, GHG emissions have begun to be regulated by the EPA pursuant to the Clean Air Act as well as by state environmental authorities. For example, the EPA has set a new emissions standard for motor vehicles to reduce GHG emissions. This vehicle emission standard has become increasingly stringent over time; for example, in March 2024, the EPA finalized new emissions standards for light and medium-duty vehicles, including passenger cars, vans, pickups, sedans and sport utility vehicles for model years 2027 through 2032 and beyond. The final rule sets new, strict standards intended to reduce air pollutant emissions, including greenhouse gas emissions; however, the new standards are now subject to legal challenge. Moreover, it remains uncertain what actions, if any, the Trump Administration may take to repeal or otherwise modify this rule. For example, in January 2025, President Trump signed an Executive Order, *Unleashing American Energy*, which directs all agencies to immediately pause the disbursement of funds appropriated through the IRA 2022 or the Infrastructure Investment and Jobs Act, including funds for electric vehicle charging stations made available through the National Electric Vehicle Infrastructure Formula Program and the Charging and Fueling Infrastructure Discretionary Grant Program, though this pause is generally currently subject to legal challenge.

New federal or state restrictions on emissions of GHGs that may be imposed in areas of the United States in which we conduct business and that apply to our operations could adversely affect the demand for our products. However, on his first day in office, President Trump issued several Executive Orders rescinding many of the previous administration's climate-related initiatives, including directing agencies to immediately pause the disbursement of certain funds, including funding for GHG mitigation projects. Even absent any significant GHG-related rulemakings in the near-term at the federal level, several states in which we operate, such as California, Colorado and Pennsylvania, may continue to aggressively pursue the regulation of GHG emissions.

In addition, the federal regulation of methane emissions from the oil and gas sector have been subject to substantial uncertainty in recent years. For example, the EPA previously finalized more stringent methane emission standards for certain sources in the oil and gas sector, including first-ever standards for existing sources. Under the final rules, states have two years to prepare and submit their plans to impose methane emission controls on existing sources. The presumptive standards under the final rule are generally the same for both new and existing sources, including enhanced leak detection survey requirements using optical gas imaging and other advanced monitoring to encourage the deployment of innovative technologies to detect and reduce methane emissions, reduction of emissions by 95% through capture and control systems, zero-emission requirements for certain devices, and the establishment of a "super emitter" response program that would allow third parties to make reports to the EPA of large methane emissions events, triggering certain investigation and repair requirements. It is likely, however, that the final rule and its requirements will be subject to legal challenges. We cannot predict whether or on what timeline the Trump Administration may seek to revise or otherwise repeal these rules.

At the international level, the United States and 195 other countries previously reached an agreement during the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (the "Paris Agreement"), a long-term, international framework convention designed to address climate change over the next several decades. President Biden recommitted the United States to the Paris agreement and, in April 2021, announced a goal of reducing the United States' emissions by 50-52% below 2005 levels by 2030. However, in January 2025, President Trump issued an executive order calling for the withdrawal of the United States from the Paris Agreement and revoking any related financial commitments thereunder as part of a broader series of executive orders announcing a deregulatory approach with respect to climate change matters. State or local governments may, however, elect to continue to participate in international climate change initiatives and pursue state- or regional-level climate change-related regulations. Any efforts to control and/or reduce GHG emissions by the United States or other countries, or concerted conservation efforts that result in reduced consumption, could adversely impact demand for our products and, in turn, our financial position and results of operations.

Climate change may also result in various physical risks, such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns that could adversely impact our operations or those of our supply chains. Such physical risks may result in damage to our facilities or our customers' facilities or otherwise adversely impact our operations, such as to the extent changing weather and temperature trends reduce the demand for our products or frequency with which consumers may visit our locations or impact the cost or availability of insurance. Moreover, certain parties, including local and state governments, have from time to time filed lawsuits against various fossil fuel energy companies seeking damages for alleged physical impacts resulting from climate change or relating to false or misleading statements related to fossil fuel's contribution to climate change. In addition, several states, including New York and Vermont, have passed climate change-related "Superfund" laws that seek to impose liability for alleged damages from climate change on certain types of entities. Other states are also considering the adoption of such laws. Further, there are increasing financial risks to companies in the fossil fuel sector as members of the general financial and investment communities increase sustainability considerations in their practices. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector, although this trend has waned in recent years. To the extent implemented or pursued, these efforts may adversely affect the market for our securities and our ability to access capital and financial markets in the future.

Separately, in March of 2024, the SEC has published a rule establishing a framework for reporting of climate risks, targets and metrics. However, the rule is currently paused pending litigation and we cannot predict the final outcome. Further, the Trump Administration is expected to repeal the SEC climate rule; however, the timeline for any repeal is subject to a number of uncertainties and likely could face legal challenges that would further delay the implementation of any repeal. If implemented, we cannot predict how financial institutions or investors might consider any information included in these climate-related disclosures when making investment decisions, and as a result it is possible we could face increased costs related to, or restrictions imposed on, our access to capital. Similarly, in October 2023 the Governor of California signed the Climate Corporate Data Accountability Act ("CCDAA") and Climate-Related Financial Risk Act ("CRFRA") into law. The CCDAA requires both public and private U.S. companies that are "doing business in California" and that have a total annual revenue of $1 billion to publicly disclose and verify, on an annual basis, Scope 1, 2, and 3 GHG emissions. Both laws are vague and potentially overbroad with respect to their applicability, appearing to require only minimal contacts with California. The CRFRA requires the disclosure of a climate-related financial risk report in line with certain stakeholder frameworks every other year for public and private companies that are "doing business in California" and have total annual revenue of $500 million. Reporting under both laws would begin in 2026. Currently, the ultimate impact of these laws on our business is uncertain, but to the extent implemented, we may face additional costs to comply with these disclosure requirements as well as increased costs of and restrictions on access to capital. Separately, enhanced climate related disclosure requirements could lead to reputational or other harm with customers, regulators, investors or other stakeholders and could also increase our litigation risks relating to alleged climate-related damages resulting from our operations, statements alleged to have been made by us or others in our industry regarding climate change risks, or in connection with any future disclosures we may make regarding reported emissions, particularly given the inherent uncertainties and estimations with respect to calculating and reporting GHG emissions. These various political, regulatory, financial, physical and litigation risks related to climate change have the potential adversely impact our operations and financial performance.

Water

The U.S. Federal Water Pollution Control Act, as amended, (the "Clean Water Act"), and analogous state laws, impose restrictions and strict controls regarding the discharge of pollutants into navigable waters of the United States ("WOTUS"). The definition of WOTUS has been subject to repeated change in recent years. Most recently, following legal action on a January 2023 final rule, the U.S. Supreme Court's decision in *Sackett v. EPA*, and the enactment of a subsequent September 2023 rule, the implementation of the definition is split based on jurisdiction. In 27 states, the January 2023 rule is enjoined subject to litigation, and the EPA and the U.S. Army Corps of Engineers are implementing the definition of WOTUS consistent with the pre-2015 regulatory regime and the changes made by the Sackett decision, which utilizes the "continuous surface connection" test to determine if wetlands qualify as WOTUS. In the remaining 23 states, the agencies are implementing the September 2023 rule, which amended the January 2023 rule to incorporate the Sackett decision. However, the September 2023 rule does not define the term "continuous surface connection," and it is currently unclear how broadly the September 2023 rule and the Sackett decision will be interpreted by the agencies and what the Trump Administration may further propose or finalize. To the extent any action further expands the scope of the Clean Water Act's jurisdiction, it could cause increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas. Federal and state regulatory agencies can impose administrative, civil and/or criminal penalties for non-compliance with discharge permits or other requirements of the Clean Water Act, and can also pursue injunctive relief to enforce compliance with the Clean Water Act and analogous laws. Spill prevention control and countermeasure requirements of federal and state laws require containment to mitigate or prevent contamination of waters in the event of a refined product overflow, rupture, or leak from above-ground pipelines and storage tanks. The Clean Water Act also requires us to maintain spill prevention control and countermeasure plans at our terminal facilities with above-ground storage tanks and pipelines.

The U.S. Oil Pollution Act of 1990 ("OPA 90") amended certain provisions of the Clean Water Act as they relate to the release of petroleum products into navigable waters. OPA 90 subjects owners of facilities to strict, joint and potentially unlimited liability for containment and removal costs, natural resource damages and certain other consequences of an oil spill. State laws also impose requirements relating to the prevention of oil releases and the remediation of areas. In addition, the OPA 90 requires that most fuel transport and storage companies maintain and update various oil spill prevention and oil spill contingency plans. Facilities that are adjacent to water require the engagement of Federally Certified Oil Spill Response Organizations to be available to respond to a spill on water from above ground storage tanks or pipelines.

Transportation and storage of refined products over and adjacent to water involves risk and potentially subjects us to strict, joint, and potentially unlimited liability for removal costs and other consequences of an oil spill where the spill is into navigable waters, along shorelines or in the exclusive economic zone of the United States. In the event of an oil spill into navigable waters, substantial liabilities could be imposed upon us. The Clean Water Act imposes restrictions and strict controls regarding the discharge of pollutants into navigable waters, with the potential of substantial liability for the violation of permits or permitting requirements.

Pipeline Safety Regulation

Some of our pipelines are subject to regulation by the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), pursuant to the Hazardous Liquids Pipeline Safety Act of 1979 ("HLPSA"). The HLPSA was amended by the Pipeline Safety Act of 1992, the Accountable Pipeline Safety and Partnership Act of 1996, the Pipeline Safety Improvement Act of 2002 ("PSIA"), as reauthorized and amended by the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006, the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 ("2011 Pipeline Safety Act") and the Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2020. The HLPSA regulates safety requirements in the design, construction, operation and maintenance of crude oil and NGL pipeline facilities, while the PSIA establishes mandatory inspections for all U.S. crude oil, NGLs and hazardous liquid transmission pipelines in certain high risk areas, such as high-consequence areas ("HCAs") or moderate consequence areas ("MCAs").

PHMSA has developed regulations that require pipeline operators to implement integrity management programs, including more frequent inspections and other measures to ensure pipeline safety in HCAs and MCAs. The regulations require operators, including us, to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact certain high risk areas;
- improve data collection, integration and analysis;
- repair and remediate pipelines as necessary; and
- implement preventive and mitigating actions.

The 2011 Pipeline Safety Act, among other things, increased the maximum civil penalty for pipeline safety violations and directed the Secretary of Transportation to promulgate rules or standards relating to expanded integrity management requirements, automatic or remote controlled valve use, excess flow valve use, leak detection system installation and testing to confirm the material strength of pipe operating above 30% of specified minimum yield strength in HCAs. Consistent with the 2011 Pipeline Safety Act, PHMSA finalized rules that increased the maximum administrative civil penalties for violation of the pipeline safety laws and regulations to $200,000 per violation per day, with a maximum of $2,000,000 for a related series of violations. In January 2024, those maximum civil penalties were increased to $266,015 and $2,660,135, respectively, to account for inflation. The PHMSA has also issued a final rule applying safety regulations to certain rural low-stress hazardous liquid pipelines that were not covered previously by some of its safety regulations.

Following legislation enacted by Congress, PHMSA has issued or proposed regulations that either seek to impose new obligations on pipeline operations or expand existing pipeline safety requirements. In the Fiscal Year 2021 Omnibus Appropriations Bill, Congress authorized PHMSA's spending through fiscal year 2023 and directed the Agency to move forward with several regulatory actions: the promulgation of rules related to changes in class location of existing pipelines, pipeline integrity and maintenance, and the management of idled pipelines, amongst other matters. An example of PHMSA's rulemaking under this directive was a 2022 rule, expanding regulations for the installation of rupture mitigation valves and establishing of a minimum rupture detection standard. PHMSA also released final regulations in January 2025 related to the management of methane emissions from pipelines; however, the future of these rules is uncertain at this time as a result of the change in U.S. presidential administrations. We cannot predict the capital and operating expenditures related to compliance with future PHMSA rulemakings, and such rulemakings may require us to incur significant costs to maintain compliance.

States are largely preempted by federal law from regulating pipeline safety for interstate lines but most are certified by the DOT to assume responsibility for enforcing federal intrastate pipeline regulations and inspection of intrastate pipelines. States may adopt stricter standards for intrastate pipelines than those imposed by the federal government for interstate lines; however, states vary considerably in their authority and capacity to address pipeline safety. State standards may include requirements for facility design and management in addition to requirements for pipelines. We do not anticipate any significant difficulty in complying with applicable state laws and regulations; however, we cannot guarantee that this will or will always be the case.

We regularly review all existing and proposed pipeline safety requirements and work to incorporate the new requirements into procedures and budgets. We expect to incur increasing regulatory compliance costs, based on the intensification of the regulatory environment and upcoming changes to regulations as outlined above, consistent with other similarly situated midstream companies. In addition to regulatory changes, costs may be incurred if there is an accidental release of a commodity transported by our system, or a regulatory inspection identifies a deficiency in our required programs and corrective action is required.

Regulation of Interstate Crude Oil and Products Pipelines

Interstate common carrier pipeline operations are subject to rate regulation by the Federal Energy Regulatory Commission ("FERC") under the Interstate Commerce Act ("ICA"), the Energy Policy Act of 1992 ("EPAct of 1992"), and related rules and orders. The ICA requires that tariff rates for petroleum pipelines be "just and reasonable" and not unduly discriminatory and that such rates and terms and conditions of service be filed with the FERC. This statute also permits interested persons to challenge proposed new or changed rates. The FERC is authorized to suspend the effectiveness of such rates for up to seven months, though rates are typically not suspended for the maximum allowable period. If the FERC finds that the new or changed rate is unlawful, it may require the carrier to pay refunds for the period that the rate was in effect. The FERC also may investigate, upon complaint or on its own motion, rates that are already in effect and may order a carrier to change its rates prospectively. Upon an appropriate showing, a shipper may obtain reparations for damages sustained for a period of up to two years prior to the filing of a complaint.

The FERC generally has not investigated interstate rates on its own initiative when those rates, like those we charge, have not been the subject of a protest or a complaint by a shipper. However, the FERC could investigate our rates at the urging of a third party if the third party is either a current shipper or has a substantial economic interest in the tariff rate level. Although no assurance can be given that the tariff rates charged by us ultimately will be upheld if challenged, management believes that the tariff rates now in effect for our pipelines are within the maximum rates allowed under current FERC policies and precedents.

We are able to use various FERC-authorized rate change methodologies for our interstate pipelines, including indexed rates, cost-of-service rates, market-based rates and negotiated rates. Typically, we adjust our rates annually in accordance with the FERC indexing methodology, which currently allows a pipeline to change its rates within prescribed ceiling levels that are tied to an inflation index. It is possible that the index may result in a negative rate adjustments in some years, or that changes in the index might not be large enough to fully reflect actual increases in our costs.

To the extent we rely on cost-of-service ratemaking to establish or support our rates, the issue of the proper allowance for federal and state income taxes could arise. In July 2016, the United States Court of Appeals for the District of Columbia Circuit issued an opinion in United Airlines, Inc., et al. v. FERC, finding that the FERC had failed to demonstrate that permitting an interstate petroleum products pipeline organized as a master limited partnership, or MLP, to include an income tax allowance in the cost of service underlying its rates, in addition to the discounted cash flow return on equity, would not result in the pipeline partnership owners double recovering their income taxes. The court vacated the FERC's order and remanded to the FERC to consider mechanisms for demonstrating that there is no double recovery as a result of the income tax allowance.

In March 2018, the FERC issued a Revised Policy Statement on Treatment of Income Taxes in which the FERC found that an impermissible double recovery results from granting an MLP pipeline both an income tax allowance and a return on equity pursuant to the FERC's discounted cash flow methodology. The FERC revised its previous policy, stating that it would no longer permit an MLP pipeline to recover an income tax allowance in its cost of service. The FERC stated it will address the application of the United Airlines decision to non-MLP partnership forms as those issues arise in subsequent proceedings. In July 2018, the FERC dismissed requests for rehearing and clarification of the March 2018 Revised Policy Statement, but provided further guidance, clarifying that a pass-through entity will not be precluded in a future proceeding from arguing and providing evidentiary support that it is entitled to an income tax allowance and demonstrating that its recovery of an income tax allowance does not result in a double recovery of investors' income tax costs. On July 31, 2020, the United States Court of Appeals for the District of Columbia Circuit issued an opinion upholding FERC's March 2018 Revised Policy Statement, as clarified and revised on rehearing. In light of the rehearing order's clarification regarding individual entities' ability to argue in support of recovery of an income tax allowance and the court's subsequent opinion upholding denial of an income tax allowance to a master limited partnership, the impacts the FERC's policy on the treatment of income taxes may have on the rates an interstate pipeline held in a tax-pass-through entity can charge for the FERC regulated transportation services are unknown at this time.

Effective January 2018, the 2017 Tax Cuts and Jobs Act changed several provisions of the federal tax code, including a reduction in the maximum corporate tax rate. With the lower tax rate, and as discussed immediately above, the tariff rates allowed by the FERC under its rate base methodology may be impacted by a lower income tax allowance component. The timing and impact to our pipelines of any tax-related policy change is unknown at this time and varies based on the circumstances of each pipeline.

The EPAct of 1992 required the FERC to establish a simplified and generally applicable methodology to adjust tariff rates for inflation for interstate petroleum pipelines. As a result, the FERC adopted an indexing rate methodology which, as currently in effect, allows common carriers to change their rates within prescribed ceiling levels that are tied to changes in the Producer Price Index for Finished Goods, or PPI-FG. The FERC's indexing methodology is subject to review every five years.

In December 2020, FERC issued an order setting the indexed rate at PPI-FG plus 0.78% during the five-year period commencing July 1, 2021 and ending June 30, 2026. The FERC received requests for rehearing of its December 17, 2020 order and on January 20, 2022, granted rehearing and modified the oil index. Specifically, for the five-year period commencing July 1, 2021 and ending June 30, 2026, FERC-regulated liquids pipelines charging indexed rates are permitted to adjust their indexed ceilings annually by PPI-FG minus 0.21%. FERC directed liquids pipelines to recompute their ceiling levels for July 1, 2021 through June 30, 2022, as well as the ceiling levels for the period July 1, 2022 through June 30, 2023, based on the new index level. Where an oil pipeline's filed rates exceed its ceiling levels, FERC ordered such oil pipelines to reduce the rate to bring it into compliance with the recomputed ceiling level to be effective March 1, 2022. Some parties sought rehearing of the January 20 order with FERC, which was denied by FERC on May 6, 2022. Certain parties have appealed the January 20 and May 6 orders. On July 26, 2024, the D.C. Circuit ruled in LEPA v. FERC that FERC violated the Administrative Procedure Act because the January 20 order modified the index without following notice and comment. As a result, the D.C. Circuit vacated the January 20 order and on September 17, 2024, the Commission reinstated the index level established by its original December 17 order, directed pipelines to file an informational filing to show their recomputed ceiling levels reflecting the reinstated index level and stated that pipelines may file to prospectively increase their indexed rates to their recomputed levels. On October 17, 2024, FERC issued a Supplemental Notice of Proposed Rulemaking ("Supplemental NOPR") that proposes a reduction to the currently effective index by one percent. The Supplemental NOPR, which remains pending before FERC, could result in the reimplementation through a notice-and-comment rulemaking of the same rulings that were vacated by the D.C. Circuit in LEPA v. FERC.

The indexing methodology is applicable to existing rates, including grandfathered rates, with the exclusion of market-based rates. A pipeline is not required to raise its rates up to the index ceiling, but it is permitted to do so and rate increases made under the index are presumed to be just and reasonable unless a protesting party can demonstrate that the portion of the rate increase resulting from application of the index is substantially in excess of the pipeline's increase in costs. Under the indexing rate methodology, in any year in which the index is negative, pipelines must file to lower their rates if those rates would otherwise be above the rate ceiling.

In November 2017, the FERC responded to a petition for declaratory order and issued an order that may have significant impacts on the way a marketer of crude oil or petroleum products that is affiliated with an interstate pipeline can price its services if those services include transportation on an affiliate's interstate pipeline. In particular, the FERC's November 2017 order prohibits buy/sell arrangements by a marketing affiliate if: (i) the transportation differential applicable to its affiliate's interstate pipeline transportation service is at a discount to the affiliated pipeline's filed rate for that service; and (ii) the pipeline affiliate subsidizes the loss. Several parties have requested that the FERC clarify its November 2017 order or, in the alternative, grant rehearing of the November 2017 order. On December 15, 2022, the FERC provided further clarification of its November 2017 order but denied requests for rehearing.

Finally, on December 15, 2022, the FERC issued a Proposed Policy Statement on Oil Pipeline Affiliate Committed Service, which addresses whether a contract for committed transportation service complies with the ICA where the only shipper to obtain the committed service is an affiliate of the regulated entity. If adopted, the proposed policy statement would create a rebuttable presumption that affiliate contracts are unduly discriminatory and not just and reasonable in certain circumstances and require a pipeline to produce additional evidentiary support for affiliate contracts rates and terms. This follows a trend of increased scrutiny by FERC on affiliated contracts across all industries regulated by the FERC. The FERC has taken no further action on the proposed policy statement.

Regulation of Intrastate Crude Oil and Products Pipelines

In addition to federally regulated body oversight, various states, including Colorado, Kansas, Louisiana, North Dakota and Texas, maintain commissions focused on the rates and practices of common carrier pipelines offering services within their borders. Although the applicable state statutes and regulations vary, they generally require that intrastate pipelines publish tariffs setting forth all rates, rules and regulations applying to intrastate service, and generally require that pipeline rates and practices be just, reasonable and nondiscriminatory.

Shippers may challenge tariff rates, rules and regulations on our pipelines. In most instances, state commissions have not initiated investigations of the rates or practices of pipelines in the absence of shipper complaints. There are no pending challenges or complaints regarding our tariffs or tariff rates.

In addition, as noted above, the rates, terms and conditions for shipments of crude oil or petroleum products on our pipelines could be subject to regulation by the FERC under the ICA and the EPAct of 1992 if the crude oil or petroleum products are transported in interstate or foreign commerce whether by our pipelines or other means of transportation. Since we do not control the entire transportation path of all crude oil or petroleum products shipped on our pipelines, FERC regulation could be triggered by our customers' transportation decisions.

Regulation of Interstate Ammonia Pipelines

Our ammonia pipeline is subject to regulation by the Surface Transportation Board (the "STB") pursuant to the ICA applicable to such pipelines (which differs from the ICA applicable to interstate liquids pipelines). Under that regulation, the ammonia pipeline's rates, classifications, rules and practices related to the interstate transportation of anhydrous ammonia must be reasonable and, in providing interstate transportation, the ammonia pipeline may not subject a person, place, port or type of traffic to unreasonable discrimination. Similar to the crude and refined products pipelines, the rates for transportation services on the ammonia pipeline are required to be in a tariff which is posted publicly on our website, however, that tariff is not required to be on file with the STB. The STB does not prescribe an indexing approach similar to the EP Act but rates under the STB must be reasonable and the pipeline may not subject a person, place, port or type of traffic to unreasonable discrimination.

Other Government Regulation

The Petroleum Marketing Practices Act (the "PMPA") is a federal law that governs the relationship between a refiner and a distributor, as well as between a distributor and branded dealer, pursuant to which the refiner or distributor permits a distributor or dealer to use a trademark in connection with the sale or distribution of motor fuel. Under the PMPA, we may not terminate or fail to renew a branded distributor contract, unless certain enumerated preconditions or grounds for termination or non-renewal are met and we also comply with the prescribed notice requirements. Additionally, we are subject to state petroleum franchise laws as well as laws specific to gasoline retailers and dealers, including state laws that regulate our relationships with third parties to whom we lease sites and supply motor fuels. Finally, we are subject to laws regarding fuel standards. For more information, see "We are subject to federal laws related to the RFS" and "We are subject to federal, state and local laws and regulations that govern the product quality specifications of refined petroleum products we purchase, store, transport, and sell to our distribution customers" in "Item 1A. Risk Factors" in this Annual Report on Form 10-K.

Employee Safety

We are subject to the requirements of the Occupational Safety and Health Act ("OSHA") and comparable state statutes that regulate the protection of the health and safety of workers. In addition, OSHA's hazard communication standards require that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and citizens. We believe that we are in substantive compliance with the applicable OSHA requirements.

Store Operations

Our remaining retail locations are subject to regulation by federal agencies and to licensing and regulations by state and local health, sanitation, safety, fire and other departments relating to the development and operation of convenience stores, including regulations related to zoning and building requirements and the preparation and sale of food.

Our operations are also subject to federal and state laws governing such matters as wage rates, overtime, working conditions and citizenship requirements. At the federal level, there are proposals under consideration from time to time to increase minimum wage rates.

Human Capital Management

As of December 31, 2024, we employed an aggregate of 3,298 employees, 359 of which are represented by labor unions. We and our subsidiaries believe that our relations with our employees are good.

In order to accomplish our objectives, we must continue to attract and retain top talent. We seek to accomplish this by fostering a culture that is guided by our ethics and principles, that respects all people and cultures, and that focuses on health and safety.

Ethics and Principles. We are committed to operating our business in a manner that honors and respects all people and the communities in which we do business. We recognize that people are our most valued resource, and we are committed to hiring and investing in employees who strive for excellence and live by our core values: working safely, corporate stewardship, ethics and integrity, entrepreneurial mindset, supporting our people, excellence and results, and social responsibility. We value our employees for what they bring to our organization by embracing those from all backgrounds, cultures, and experiences. We also believe that the keys to our success have been the cultivation of an atmosphere of belonging and respect within our family of partnerships and sustaining organizations that promote and support all of the communities in which we do business. These are the principles upon which we build and strengthen relationships among our people, our stakeholders, and those within the communities we support.

Respecting All People and All Cultures. We believe strict adherence to our Code of Business Conduct and Ethics is not only right, but is in the best interest of the Partnership, its unitholders, its customers, and the industry in general. The Partnership's policies require that business be conducted in a lawful and ethical manner at all times. Every employee acting on behalf of the Partnership must adhere to these policies. Please refer to "Item 10. Directors, Executive Officers and Corporate Governance" for additional information on our Code of Business Conduct and Ethics.

Commitment to Health and Safety. Our goal is operational excellence, which means an injury and incident-free workplace. To achieve this, we strive to hire and maintain a qualified and dedicated workforce and encourage safety and safety accountability throughout our daily operations.

Our environmental, health and safety professionals provide environmental and safety training to our field representatives. This group also assists others throughout the organization in identifying continuous training for personnel, including the training that is required by applicable laws, regulations, standards, and permit conditions. Our safety standards and expectations are clearly communicated to all employees and contractors with the expectation that each individual has the obligation to make safety the highest priority. Our safety culture promotes an open environment for discovering, resolving, and sharing safety challenges. We strive to eliminate unwanted safety events through a comprehensive process that promotes leadership, employee involvement, communication, and personal responsibility to comply with standard operating procedures and regulatory requirements, effective risk reduction processes, maintaining clean facilities, contractor safety, and personal wellness.

Item 1A. Risk Factors

Below we have provided a summary of our key risk factors, followed by detail of these and other risks that should be reviewed when considering an investment in our securities. The risk factors set forth below are not all the risks we face and other factors that we face in the ordinary course of our business, that are currently considered immaterial or that are currently unknown to us may impact our future operations.

Risk Factor Summary

Risks Related to Our Business

Results of Operations and Financial Condition. Our results of operations and financial condition could be impacted by many risks that are beyond our control, including the following:

- cash distributions are not guaranteed and may fluctuate with our performance and other external factors;
- general economic, financial, and political conditions, including the impact of tariffs, to the extent enacted;
- the imposition or increase of tariffs on steel or other raw materials, or changes in trade agreements or trade relations;
- changes in the prices of motor fuel;
- demand for motor fuel, including consumer preference for alternative motor fuels or improvements in fuel efficiency;
- demand for and supply of crude oil, refined products, renewable fuels, and anhydrous ammonia;
- seasonal trends;
- dangers inherent in the storage and transportation of motor fuel, crude oil, renewable fuels and anhydrous ammonia;
- operational and business risks associated with our pipelines and fuel storage terminals;
- tariff and/or contractually determined rates and fees we charge and the revenue we realize for our services;
- domestic and foreign governmental laws, regulations, sanctions, embargoes, and taxes;
- events or developments associated with our branded suppliers;
- extreme weather events that may be more severe or frequent than historically experienced and that may be attributable to changes in climate due to adverse effects of an industrialized economy;
- competition and fragmentation within the wholesale motor fuel distribution industry;
- competition within the convenience store industry, including the impact of new entrants;
- possible increased costs related to land use and facilities and equipment leases;
- possible future litigation;
- potential loss of key members of our senior management team;
- failure to attract and retain qualified employees;
- failure to insure against risks incident to our business;
- terrorist attacks and threatened or actual war;
- cybersecurity attacks, data breaches and other disruptions affecting us, or our service providers;
- disruption of our information systems;
- failure to protect sensitive customer, employee or vendor data, or to comply with applicable regulations relating to data security and privacy;
- failure to obtain trade credit terms to adequately fund our ongoing operations;
- our dependence on cash flow generated by our subsidiaries; and
- potential impairment of goodwill and intangible assets.

Acquisitions and Future Growth. Our business, results of operations, cash flows, financial condition and future growth could be impacted by the following:

- failure to make acquisitions on economically acceptable terms, including as a result of recent increases in cost of capital resulting from Federal Reserve policies and changes in financial institutions' policies or practices concerning businesses linked to fossil fuels, or to successfully integrate acquired assets;
- any acceleration of the domestic and/or international transition to a low carbon economy as a result of the IRA 2022 or otherwise; and
- failure to manage risks associated with acquisitions.

Regulatory Matters. Our business, results of operations, cash flows, financial condition and future growth could be impacted by the following:

- significant expenditures or liabilities resulting from federal, state and local laws and regulations pertaining to environmental protection, operational safety, pipeline safety or the Renewable Fuel Standard ("RFS");
- changes in demand for motor fuel, crude oil, renewable fuels or other petroleum products resulting from federal and/or state regulations that may discourage the use or storage of petroleum products;
- significant expenditures or penalties associated with federal, state and local laws and regulations that govern the product quality specifications of refined petroleum products we purchase and sell;
- changes in federal, state or local laws and regulations pertaining to the facilities and operations of third parties that supply fuel to or transport for our storage terminals;
- laws, regulations and policies governing the rates, terms and conditions of our services;
- failure to recover the full amount of increases in the costs of our pipeline operations;
- costs and liabilities resulting from performance of pipeline integrity programs and related repairs;
- new or more stringent pipeline safety controls or enforcement of legal requirements;

- impacts to our business as a result of the energy transition and legislative, regulatory and financial risks relating to climate change; and
- regulatory provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the rules adopted thereunder.

Indebtedness. Our business, results of operations, cash flows and financial condition, as well as our ability to make distributions and the market value of our common units, could be impacted by the following:
- our debt levels;
- increases in interest rates, including the impact to the relative value of our distributions to yield-oriented investors; and
- restrictions and financial covenants associated with our debt agreements.

Risks Related to Our Structure

Our General Partner. Our stakeholders could be impacted by risks related to our General Partner, including:
- our General Partner’s and its affiliates’ conflicts of interest with us and contractually-limited duties;
- our General Partner’s limited liability regarding our obligations;
- our General Partner’s ability to approve the issuance of partnership securities and specify the terms of such securities; and
- cost reimbursements due to our General Partner and its affiliates for services provided to us or on our behalf.

Our Partnership Agreement. Our stakeholders could be impacted by risks related to our partnership agreement, including:
- the requirement that we distribute all of our available cash;
- the limited liability and duties of our General Partner and restrictions on the remedies available for actions taken;
- the potential need to issue common units in connection with a resetting of the target distribution levels related to our IDRs;
- our common unitholders’ limited voting rights and lack of rights to elect our General Partner or its directors;
- limitations on our common unitholders’ ability to remove our General Partner without its consent;
- potential transfer of the General Partner interest or the control of our General Partner to a third party;
- the potential requirement for unitholders to sell their common units at an undesirable time or price;
- our ability to issue additional units without unitholder approval;
- potential sales of substantial amounts of our common units in the public or private markets;
- restrictions on the voting rights of unitholders owning 20% or more of our outstanding common units;
- the dependence of our distributions primarily on our cash flow and not solely on profitability;
- our unitholders’ potential liability to repay distributions; and
- the lack of certain corporate governance requirements by the New York Stock Exchange ("NYSE") for a publicly traded partnership like us.

Tax Risks to Common Unitholders

Our unitholders could be impacted by tax risks, including:
- our potential to be taxed as a corporation or otherwise become subject to a material amount of entity-level taxation;
- the potential for our unitholders to be required to pay taxes on their share of our income even if they do not receive any cash distributions from us; and
- unique tax issues faced by tax-exempt entities from owning common units.

Detail of Risk Factors Related to Our Business

Results of Operations and Financial Condition

Cash distributions are not guaranteed and may fluctuate with our performance and other external factors.

Cash distributions to unitholders is principally dependent upon cash generated from operations. The amount of cash generated from operations will fluctuate from quarter to quarter based on a number of factors, some of which are beyond our control, which include, among others:

- demand for motor fuel in the markets we serve, including the result of secular trends towards increased usage of electric vehicles and/or seasonal fluctuations in demand for motor fuel;
- competition from other companies that sell motor fuel products or have convenience stores in the market areas in which we or our commission agents or dealers operate;
- the amount of crude oil and refined petroleum products transported through our subsidiaries’ pipelines;
- the level of competition from other midstream, transportation and storage and retail marketing companies and other energy providers;
- regulatory action affecting the supply of or demand for motor fuel, crude oil, refined petroleum products, our operations, our existing contracts or our operating costs;

- prevailing economic conditions;
- the price of crude oil and refined petroleum products;
- rising interest rates and slowing economic growth;
- the accelerated transition to a low carbon economy;
- geopolitical events such as the armed conflict in Ukraine and political instability in the Middle East;
- supply, extreme weather and logistics disruptions; and
- volatility of margins for motor fuel.

In addition, the actual amount of cash we will have available for distribution will depend on other factors such as:

- the level and timing of capital expenditures we make;
- the cost of acquisitions, if any;
- our debt service requirements and other liabilities;
- fluctuations in our general working capital needs;
- reimbursements made to our General Partner and its affiliates for all direct and indirect expenses they incur on our behalf pursuant to the partnership agreement;
- our ability to borrow funds at favorable interest rates and access capital markets, including as a result of recent increases in cost of capital resulting from Federal Reserve policies;
- restrictions contained in debt agreements to which we are a party;
- the level of costs related to litigation and regulatory compliance matters; and
- the amount of cash reserves established by our General Partner in its discretion for the proper conduct of our business.

If our cash flow from operations is insufficient to satisfy our needs, we cannot be certain that we will be able to obtain bank financing or access the capital markets. Further, incurring additional debt may significantly increase our interest expense and financial leverage and issuing additional limited partner interests may result in significant unitholder dilution and would increase the aggregate amount of cash required to maintain the cash distribution rate which could materially decrease our ability to pay distributions. If additional capital resources are unavailable to us, our business, financial condition, results of operations and ability to make distributions could be materially adversely affected.

Changes in U.S. administrative policy, including the imposition of or increases in tariffs on steel and/or other raw materials, changes to existing trade agreements and any resulting changes in international trade relations, may have an adverse effect on us.

We own and operate pipelines and terminals and, like others in our industry, we use significant amounts of steel in our projects and rely on our ability to obtain that steel in an affordable way to maintain our operating margins. Any imposition of or increase in tariffs on steel and/or other raw materials could increase our growth project costs, which may impact the profitability of new projects.

Recently, the Trump Administration announced plans to implement or increase tariffs, and on February 10, confirmed extension of 25 percent import tariffs on steel globally to go into effect on March 12. The ultimate impact of this tariff is unknown at this time. Additionally, ongoing changes in U.S. and foreign government trade policies, including potential modifications to existing trade agreements and further restrictions on free trade, could introduce additional uncertainty. Any escalation of trade tensions, additional tariffs, retaliatory measures by foreign governments or shifts in U.S. or international trade policies could adversely impact our supply chain and increase costs, particularly on our expansion projects. A trade war or other significant changes in trade regulations could have an adverse effect on our business and results of operations.

Our business could be negatively impacted by the inflationary pressures which may decrease our operating margins and increase working capital investments required to operate our business.

The U.S. inflation rate steadily rose in 2021 and into 2022 before eventually declining throughout 2023 and 2024. A sustained increase in inflation may continue to increase our costs for labor, services and materials, which, in turn, could cause our operating costs and capital expenditures to increase. Further, our customers face inflationary pressures and resulting impacts, such as the tight labor market and supply chain disruptions. The rate and scope of these various inflationary factors may increase our operating costs and capital expenditures materially, which may not be readily recoverable in the prices of our services and may have an adverse effect on our costs, operating margins, results of operations and financial condition. Additionally, the Federal Reserve and other central banks have implemented policies in an effort to curb inflationary pressure on the costs of goods and services across the U.S., including the significant increases in prevailing interest rates that occurred during 2022 and 2023 as a result of the 525 aggregate basis point increase in the federal funds rate, and the associated macroeconomic impact on slowdown in economic growth could negatively impact our business. While the Federal Reserve reduced benchmark interest rates by 75 basis points in late 2024, it has recently announced a pause on interest rate cuts and the continuation of rates at the current level could have the effects of raising the cost of capital and depressing economic growth, either of which—or the combination thereof—could hurt the financial and operating results of our business.

General economic, financial, and political conditions may materially adversely affect our results of operations and financial condition.

General economic, financial, and political conditions may have a material adverse effect on our results of operations and financial condition. For example, declines in consumer confidence and/or consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events could contribute to increased volatility and diminished expectations for the economy and our markets, including the market for our goods and services, and lead to demand or cost pressures that could negatively and adversely impact our business. These conditions could affect both of our business segments.

Examples of such conditions could include:

- a general or prolonged decline in, or shocks to, regional or broader macro-economies;
- regulatory changes that could impact the markets in which we operate, such as immigration, tariffs or trade reform laws or regulations prohibiting or limiting hydraulic fracturing, which could reduce demand for or supply of our goods and services or lead to pricing, currency, or other pressures; and
- deflationary economic pressures, which could hinder our ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to our cost structure.

The nature of these types of risks, which are often unpredictable, makes them difficult to plan for, or otherwise mitigate, and they are generally uninsurable—which compounds their potential impact on our business.

Our financial condition and results of operations are influenced by changes in the prices of motor fuel, crude oil or refined petroleum products, which may adversely impact our margins, our customers' financial condition and the availability of trade credit.

Our operating results are influenced by prices for motor fuel, crude oil and refined petroleum products. General economic and political conditions, acts of war or terrorism and instability in oil producing regions, particularly in the Middle East, South America, Russia and Africa could significantly impact crude oil supplies and refined product petroleum costs. Significant increases or high volatility in petroleum costs could impact consumer demand for motor fuel and convenience merchandise. Such volatility makes it difficult to predict the impact that future petroleum costs fluctuations may have on our operating results and financial condition. We are subject to dealer tank wagon pricing structures at certain locations further contributing to margin volatility. A significant change in any of these factors could materially impact both wholesale and retail fuel margins, the volume of motor fuel we distribute or sell, and overall customer traffic, each of which in turn could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Significant increases in wholesale motor fuel prices could impact us as some of our customers may have insufficient credit to purchase motor fuel from us at their historical volumes. Higher prices for motor fuel may also reduce our access to trade credit support or cause it to become more expensive.

A significant decrease in demand for motor fuel, crude oil or refined petroleum products, including increased consumer preference for alternative motor fuels or improvements in fuel efficiency or a material shift toward electric or other alternative-power vehicles, in the areas we serve would reduce our ability to make distributions to our unitholders.

Sales of refined motor fuels accounted for approximately 94% of our total revenues and 47% of our profit for the year ended December 31, 2024. A significant decrease in demand for motor fuel in the areas we serve could significantly reduce our revenues and our ability to make distributions to our unitholders. Our revenues are dependent on various trends, such as trends in commercial truck traffic, travel and tourism in our areas of operation, and these trends can change. Regulatory action, including government imposed fuel efficiency standards, may also affect demand for motor fuel. Because certain of our operating costs and expenses are fixed and do not vary with the volumes of motor fuel we distribute, our costs and expenses might not decrease ratably or at all should we experience such a reduction. As a result, we may experience declines in our profit margin if our fuel distribution volumes decrease.

Any technological advancements, regulatory changes or changes in consumer preferences causing a significant shift toward alternative motor fuels could reduce demand for the conventional petroleum based motor fuels we currently sell. Additionally, a shift toward electric, hydrogen, natural gas or other alternative-power vehicles could fundamentally change our customers' shopping habits or lead to new forms of fueling destinations or new competitive pressures.

New technologies have been developed and governmental mandates have been implemented to improve fuel efficiency, which may result in decreased demand for petroleum-based fuel. For example, in March 2024, the EPA finalized new emissions standards for light and medium-duty vehicles, including passenger cars, vans, pickups, sedans and sport utility vehicles for model years 2027 through 2032 and beyond. The final rule sets new, strict standards intended to reduce air pollutant emissions, including greenhouse gas emissions; however, the new standards are now subject to legal challenge. Moreover, it remains uncertain what actions, if any, the Trump Administration may take to repeal or otherwise modify this rule. Additionally, laws such as the Bipartisan Infrastructure Act and the IRA 2022 allocate funds to the development of electric vehicle infrastructure and provide incentives for consumers and manufacturers related to their use or development of electric vehicles, and the adoption rate of electric vehicles in the U.S. has continued to accelerate, with projections for the future rate of adoption in some reports more than doubling in recent years. However, in January 2025, President Trump signed an Executive Order, *Unleashing American Energy*, which directs all agencies to immediately pause the disbursement of funds appropriated through the IRA 2022 or the Infrastructure Investment and Jobs Act, including funds for electric vehicle charging stations made available through the National Electric Vehicle Infrastructure Formula Program and the Charging and Fueling Infrastructure Discretionary Grant Program, though this pause is generally currently subject to legal challenge. While the Trump Administration may ultimately take steps to reduce or eliminate incentives for zero-emission vehicles, at this time we cannot predict what actions the new administration may take or the timing of such actions. Any of these or similar actions could result in fewer visits to our convenience stores or independently operated commission agents and dealer locations, a reduction in demand from our wholesale customers, decreases in both fuel and merchandise sales revenue, or reduced profit margins, any of which could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Similarly, any sustained decrease in demand for crude oil, refined products, renewable fuels or anhydrous ammonia in the markets our pipelines and terminals serve that extends beyond the expiration of our existing throughput and deficiency agreements could result in a significant reduction in throughputs in our pipelines and storage in our terminals, which would reduce our cash flows and impair our ability to make distributions to our unitholders. Factors that tend to decrease market demand include:

- a recession, high interest rates, inflation or other adverse economic conditions that result in lower spending by consumers on gasoline, diesel and travel;
- events that negatively impact global economic activity, travel and demand generally;
- higher fuel taxes or other governmental or regulatory actions that increase, directly or indirectly, the cost of gasoline;
- an increase in aggregate automotive engine fuel economy;
- new government and regulatory actions or court decisions requiring the phase out or reduced use of gasoline-fueled vehicles;
- the increased use of and public demand for use of alternative fuel sources or electric vehicles;
- an increase in the market price of crude oil that increases refined product prices, which may reduce demand for refined products and increase demand for alternative products; and
- adverse weather events resulting in decreased corn acres planted, which may reduce demand for anhydrous ammonia.

The industries in which we operate are subject to seasonal trends, which may cause our operating costs to fluctuate, affecting our cash flow.

We rely in part on consumer travel and spending patterns, and may experience more demand for gasoline in the late spring and summer months than during the fall and winter. Travel, recreation and construction are typically higher in these months in the geographic areas in which we or our commission agents and dealers operate, increasing the demand for motor fuel that we sell and distribute. Therefore, our revenues and cash flows are typically higher in the second and third quarters of our fiscal year. As a result, our results from operations may vary widely from period to period, affecting our cash flow.

The dangers inherent in the storage and transportation of motor fuel, crude oil, refined petroleum products and anhydrous ammonia could cause disruptions in our operations and could expose us to potentially significant losses, costs or liabilities.

Our operations are subject to significant hazards and risks inherent in transporting and storing motor fuel. crude oil, refined petroleum products, and anhydrous ammonia. These hazards and risks include, but are not limited to, traffic accidents, fires, explosions, spills, discharges, and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally-imposed fines or clean-up obligations, personal injury or wrongful death claims, and other damage to our properties and the properties of others. Any such event not covered by our insurance could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. Additionally, our pipelines, terminals and storage assets are generally long-lived assets, and some have been in service for many years. The age and condition of our assets could result in increased maintenance or repair expenditures in the future. If any of our facilities, or those of our customers or suppliers, suffer significant damage or are forced to shut down for a significant period of time, it may have a material adverse effect on our results of operations and our financial condition as a whole.

Our pipeline and fuel storage terminals are subject to operational and business risks which may adversely affect our financial condition, results of operations, cash flows and ability to make distributions to our unitholders.

Our pipeline and fuel storage terminals are subject to operational and business risks, the most significant of which include the following:

- our inability to renew a ground lease for certain of our pipelines or fuel storage terminals on similar terms or at all;
- our dependence on third parties to supply our fuel storage terminals;
- outages on our pipelines or at our fuel storage terminals or interrupted operations due to weather-related or other natural causes;
- the threat that the nation's terminal infrastructure may be a future target of terrorist organizations;
- the volatility in the prices of the products transported on our pipelines or stored at our fuel storage terminals and the resulting fluctuations in demand for our storage services;
- the effects of a sustained recession or other adverse economic conditions;
- the possibility of federal and/or state regulations that may discourage our customers from transporting or storing gasoline, diesel fuel, ethanol and jet fuel at our fuel storage terminals or reduce the demand by consumers for petroleum products;
- competition from other pipelines and fuel storage terminals that are able to provide our customers with comparable transportation service or storage capacity at lower prices; and
- climate change legislation or regulations that restrict emissions of GHGs could result in increased operating and capital costs and reduced demand for our transportation and storage services.

The occurrence of any of the above situations, among others, may affect operations at our fuel storage terminals and may adversely affect our business, financial condition, results of operations, cash flows and ability to make distributions to our unitholders.

Negative events or developments associated with our branded suppliers could have an adverse impact on our revenues.

We believe that the success of our operations is dependent, in part, on the continuing favorable reputation, market value, and name recognition associated with the motor fuel brands sold at our convenience stores and at stores operated by our independent, branded dealers and commission agents. Erosion of the value of those brands could have an adverse impact on the volumes of motor fuel we distribute, which in turn could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our unitholders.

Severe weather, which may increase in frequency and intensity due to climate change, could adversely affect our business by damaging our suppliers' or our customers' facilities or communications networks.

A substantial portion of our wholesale distribution and retail networks are located in regions susceptible to severe storms, including hurricanes. A severe storm could damage our facilities or communications networks, or those of our suppliers or our customers, as well as interfere with our ability to distribute motor fuel to our customers or our customers' ability to operate their locations. If warmer temperatures, or other climate changes, lead to changes in extreme weather events, including increased frequency, duration or severity, these weather-related risks could become more pronounced. Any weather-related catastrophe or disruption could have a material adverse effect on our business, financial condition and results of operations, potentially causing losses beyond the limits of the insurance we currently carry.

The wholesale motor fuel distribution industry is characterized by intense competition and fragmentation. Failure to effectively compete could result in lower margins.

The market for distribution of wholesale motor fuel is highly competitive and fragmented, which results in narrow margins. We have numerous competitors, some of which may have significantly greater resources and name recognition than us. We rely on our ability to provide value-added, reliable services and to control our operating costs in order to maintain our margins and competitive position. If we fail to maintain the quality of our services, certain of our customers could choose alternative distribution sources and our margins could decrease. While major integrated oil companies have generally continued a strategy of limited direct retail operation and the corresponding wholesale distribution to such sites, such major oil companies could shift from this strategy and decide to distribute their own products in direct competition with us, or large customers could attempt to buy directly from the major oil companies. The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We compete with other midstream service providers, including certain major energy and chemical companies, that possess, or have greater financial resources to acquire, assets better suited to meet customer demand, which could undermine our ability to obtain and retain customers or reduce utilization of our assets, which could adversely affect our revenues and cash flows, thereby reducing our ability to make our quarterly distributions to unitholders.

We face competition in all aspects of our business and can give no assurances that we will be able to compete effectively against our competitors. Our competitors include major energy and chemical companies, some of which have greater financial resources, more pipelines or storage terminals, greater capacity pipelines or storage terminals and greater access to supply than we do. Certain of our competitors also have advantages in competing for acquisitions or other new business opportunities because of their financial resources and synergies in operations. As a consequence of increased competition in the industry or market conditions, some customers are and others may be in the future reluctant to renew or enter into long-term contracts or contracts that provide for minimum throughput amounts. Our inability to renew or replace a significant portion of our current contracts as they expire, to enter into contracts for newly acquired, constructed or expanded assets and to respond appropriately to changing market conditions would have a negative effect on our revenue, cash flows and ability to make quarterly distributions to our unitholders.

The convenience store industry is highly competitive and impacted by new entrants. Failure to effectively compete could result in lower sales and lower margins.

The geographic areas in which we operate and supply independently operated commission agent and dealer locations are highly competitive and marked by ease of entry and constant change in the number and type of retailers offering products and services of the type we and our independently operated commission agents and dealers sell in our stores. Our convenience stores and the commission agents and dealer locations we supply compete with other convenience store chains, independently owned convenience stores, motor fuel stations, supermarkets, drugstores, discount stores, dollar stores, club stores, mass merchants and local restaurants. Over the past two decades, several non-traditional retailers, such as supermarkets, hypermarkets, club stores and mass merchants, have impacted the convenience store industry, particularly in the geographic areas in which we operate and supply, by entering the motor fuel retail business. These non-traditional motor fuel retailers have captured a significant share of the motor fuels market, and we expect their market share will continue to grow.

In some of our markets, our competitors have been in existence longer and have greater financial, marketing, and other resources than we or our independently operated commission agents and dealers do. As a result, our competitors may be able to respond better to changes in the economy and new opportunities within the industry. To remain competitive, we must constantly analyze consumer preferences and competitors' offerings and prices to ensure that we offer a selection of convenience products and services at competitive prices to meet consumer demand. We must also maintain and upgrade our customer service levels, facilities and locations to remain competitive and attract customer traffic to our stores. We may not be able to compete successfully against current and future competitors, and competitive pressures faced by us could have a material adverse effect on our business, results of operations and cash available for distribution to our unitholders.

We do not own all of the land on which our retail service stations are located, and we lease certain facilities and equipment, and we are subject to the possibility of increased costs to retain necessary land use which could disrupt our operations.

We do not own all of the land on which our retail service stations are located. We have rental agreements for approximately 38% of the partnership, commission agent or dealer operated retail service stations where we currently control the real estate. We also have rental agreements for certain logistics facilities. As such, we are subject to the possibility of increased costs under rental agreements with landowners, primarily through rental increases and renewals of expired agreements. We are also subject to the risk that such agreements may not be renewed. Additionally, certain facilities and equipment (or parts thereof) used by us are leased from third parties for specific periods. Our inability to renew leases or otherwise maintain the right to utilize such facilities and equipment on acceptable terms, or the increased costs to maintain such rights, could have a material adverse effect on our financial condition, results of operations and cash flows.

Like other pipeline and storage logistics services providers, certain of our pipelines, storage terminals and other facilities are located on land owned by third parties and governmental agencies that we have obtained the right to utilize for these purposes through contract (rather than through outright purchase). Many of our rights-of-way or other property rights are perpetual in duration, but others are for a specific period of time. In addition, some of our facilities are located on leased premises. A potential loss of property rights through our inability to renew right-of-way contracts or leases or otherwise retain property rights on acceptable terms or the increased costs to renew such rights could adversely affect our financial condition, results of operations and cash flows available for distribution to our unitholders.

Future litigation could adversely affect our financial condition and results of operations.

We are exposed to various litigation claims in the ordinary course of our wholesale business operations, including, but not limited to, dealer litigation and industry-wide or class-action claims arising from the products we carry, the equipment or processes we use or employ or industry-specific business practices. If we were to become subject to any such claims, our defense costs and any resulting awards or settlement amounts may not be fully covered by our insurance policies. Additionally, our retail operations are characterized by a high volume of customer traffic and by transactions involving a wide array of product selections. These operations carry a higher exposure to consumer litigation risk when compared to the operations of companies operating in many other industries. Consequently, we are frequently party to individual personal injury, bad fuel, products liability and other legal actions in the ordinary course of our business. While we believe these actions are generally routine in nature, incidental to the operation of our business and immaterial in scope, if our assessment of any action or actions should prove inaccurate our financial condition and results of operations could be adversely affected. Additionally, several fossil fuel companies have been the targets of litigation alleging, among other things, that such companies created public nuisances by producing and marketing fuels that contributed to climate change or that the companies have been aware of the adverse effects of climate change but failed to adequately disclose those impacts. While we cannot predict the likelihood of success of such suits, to the extent the plaintiffs prevail, we could face significant costs or decreased demand for our services, which could adversely affect our financial condition and results of operations.

Because we depend on our senior management's experience and knowledge of our industry, we could be adversely affected were we to lose key members of our senior management team.

We are dependent on the expertise and continued efforts of our General Partner's senior management team. If, for any reason, our senior executives do not continue to be active, our business, financial condition, or results of operations could be adversely affected. We do not maintain key man life insurance for our senior executives or other key employees.

We compete with other businesses in our market with respect to attracting and retaining qualified employees.

Our continued success depends on our ability to attract and retain qualified personnel in all areas of our business. We compete with other businesses in our market with respect to attracting and retaining qualified employees. A tight labor market, increased overtime and a higher full-time employee ratio may cause labor costs to increase. A shortage of qualified employees may require us to enhance wage and benefits packages in order to compete effectively in the hiring and retention of such employees or to hire more expensive temporary employees. No assurance can be given that our labor costs will not increase, or that such increases can be recovered through increased prices charged to customers. We are especially vulnerable to labor shortages in oil and gas drilling areas when energy prices drive higher exploration and production activity.

We are not fully insured against all risks incident to our business.

We are not fully insured against all risks incident to our business. We may be unable to obtain or maintain insurance with the coverage that we desire at reasonable rates. As a result of market conditions, the premiums and deductibles for certain of our insurance policies have increased and could continue to do so. Certain insurance coverage could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our unitholders.

Terrorist attacks and threatened or actual war may adversely affect our business.

Our business is affected by general economic conditions and fluctuations in consumer confidence and spending, which can decline as a result of numerous factors outside of our control. Terrorist attacks or threats, whether within the United States or abroad, rumors or threats of war, actual conflicts involving the United States or its allies, or military or trade disruptions impacting our suppliers or our customers may adversely impact our operations. Specifically, strategic targets such as energy related assets (which could include refineries that produce the motor fuel we purchase, ports in which crude oil is delivered or attacks to the electrical grid) may be at greater risk of future terrorist attacks than other targets in the United States. These occurrences could have an adverse impact on energy prices, including prices for motor fuels, and an adverse impact on our operations. Any or a combination of these occurrences could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Cybersecurity attacks, data breaches and other disruptions affecting us, or our service providers, could materially and adversely affect our business, operations, reputation, and financial results.

The security and integrity of our information technology ("IT") infrastructure and physical assets is critical to our business and our ability to perform day-to-day operations and deliver services. In addition, in the ordinary course of our business, we collect, process, transmit and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, as well as personally identifiable information, in our data centers and on our networks. We also engage third parties, such as service providers and vendors, who provide a broad array of software, technologies, tools, and other products, services and functions (e.g., human resources, finance, data transmission, communications, risk, compliance, among others) that enable us to conduct, monitor and/or protect our business, operations, systems and data assets.

Our IT and IT infrastructure, physical assets and data, may be vulnerable to unauthorized access, computer viruses, malicious attacks and other events (e.g., distributed denial of service attacks or ransomware attacks) that are beyond our control. These events can result from malfeasance by external parties, such as hackers, or due to human error by our or our service providers' employees and contractors (e.g., due to social engineering or phishing attacks). In addition, our providers' work-from-home arrangements may present additional operational and cybersecurity risks to our IT infrastructure and physical assets.

We and certain of our service providers have, from time to time, been subject to cybersecurity attacks and other security incidents. The frequency and magnitude of cybersecurity attacks is expected to increase and attackers are becoming more sophisticated. We may be unable to anticipate, detect or prevent future attacks, particularly as the methodologies used by attackers change frequently or are not recognized until launched, and we may be unable to investigate or remediate incidents because attackers are increasingly using techniques and tools designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence.

Breaches of our IT infrastructure or physical assets, or other disruptions, could result in damage to our assets, safety incidents, damage to the environment, potential liability or the loss of contracts, and have a material adverse effect on our operations, financial position and results of operations. A successful cybersecurity attack or other security incident could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or loss could result in legal claims or proceedings, regulatory investigations and enforcement, penalties and fines, increased costs for system remediation and compliance requirements, disruption of our operations, damage to our reputation, loss of confidence in our products and services, any or all of which could have a material adverse effect on our business and results. We may be required to invest significant additional resources to comply with evolving cybersecurity regulations and to modify and enhance our information security and controls, and to investigate and remediate any security vulnerabilities. Any losses, costs or liabilities may not be covered by, or may exceed the coverage limits of, any or all of our applicable insurance policies. See “Item 1C. Cybersecurity” for additional information on our cybersecurity risk management, strategy and governance.

We rely on our information systems to manage numerous aspects of our business, and a disruption of these systems could adversely affect our business.

We depend on our information systems to manage numerous aspects of our business transactions and provide analytical information to management. Our information systems are an essential component of our business and growth strategies, and a serious disruption to our information systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses, which could result in a loss of sensitive business information, systems interruption or the disruption of our business operations. To protect against unauthorized access or attacks, we have implemented infrastructure protection technologies and disaster recovery plans, but there can be no assurance that a technology systems breach or systems failure will not have a material adverse effect on our financial condition or results of operations. See “Item 1C. Cybersecurity” for additional information on our cybersecurity risk management, strategy and governance.

Failure to retain or replace current customers and renew existing contracts on comparable terms to maintain utilization of our pipeline and storage assets at current or more favorable rates could reduce our revenue and cash flows to levels that could adversely affect our ability to make quarterly distributions to our unitholders.

A significant portion of our revenue and cash flows are generated from our customers’ payments of fees under throughput contracts and storage agreements. Failure to renew existing contracts or enter into new contracts on acceptable terms or a material reduction in utilization under existing contracts could result from many factors, including:

- sustained low crude oil prices;
- a material decrease in the supply or price of crude oil;
- a material decrease in demand for refined products, renewable fuels or anhydrous ammonia in the markets served by our pipelines and terminals;
- political, social or economic instability in the United States or another country that has a detrimental impact on our customers and our ability to conduct our operations;
- competition for customers from companies with comparable assets and capabilities;
- scheduled turnarounds or unscheduled maintenance at refineries or production facilities of customers we serve;
- operational problems or catastrophic events affecting our assets or the customers we serve;
- environmental or regulatory proceedings or other litigation that compel the cessation of all or a portion of the operations of our assets or those of the customers we serve;
- increasingly stringent environmental, health, safety and security regulations;
- a decision by our current customers to redirect products transported in our pipelines or stored in our terminals to markets not served by our pipelines or terminals, or to transport or store crude oil, refined products or anhydrous ammonia by means other than our pipelines or storage terminals; and
- a decision by our current customers to shut down, limit operations of or sell one or more of the refineries/production facilities we serve to a purchaser that elects not to use our pipelines or terminals.

Our business and our reputation could be adversely affected by the failure to protect sensitive customer, employee or vendor data, whether as a result of cybersecurity attacks or otherwise, or to comply with applicable regulations relating to data security and privacy.

In the normal course of our business as a motor fuel, food service and merchandise retailer, we obtain large amounts of personal data, including credit and debit card information from our customers. In recent years several retailers have experienced data breaches resulting in exposure of sensitive customer data, including payment card information. While we have invested significant amounts in the protection of our information systems and maintain what we believe are adequate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur and have a material adverse effect on our reputation, operating results and financial condition. Such a breakdown or breach could also materially increase the costs we incur to protect against such risks. Also, a material failure on our part to comply with regulations relating to our obligation to protect such sensitive data or to the privacy rights of our customers, employees and others could subject us to fines or other regulatory sanctions and potentially to lawsuits.

Cybersecurity attacks are rapidly evolving and becoming increasingly sophisticated. A successful cybersecurity attack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Moreover, a security breach could require that we expend significant additional resources to upgrade further the security measures that we employ to guard against cybersecurity attacks. See "Item 1C. Cybersecurity" for additional information on our cybersecurity risk management, strategy and governance.

We rely on our suppliers to provide trade credit terms to adequately fund our ongoing operations.

Our business is impacted by the availability of trade credit to fund fuel purchases. An actual or perceived downgrade in our liquidity or operations (including any credit rating downgrade by a rating agency) could cause our suppliers to seek credit support in the form of additional collateral, limit the extension of trade credit, or otherwise materially modify their payment terms. Any material changes in our payment terms, including early payment discounts, or availability of trade credit provided by our principal suppliers could impact our liquidity, results of operations and cash available for distribution to our unitholders.

Increases in power prices could adversely affect operating expenses and our ability to make distributions to our unitholders.

Power costs constitute a significant portion of our operating expenses. We use mainly electric power at our pipeline pump stations and terminals, and such electric power is furnished by various utility companies. Requirements for utilities to use less carbon intensive power or to add pollution control devices also could cause our power costs to increase; our cash flows may be adversely affected, which could adversely affect our ability to make distributions to our unitholders.

We depend on cash flow generated by our subsidiaries.

We are a holding company with no material assets other than the equity interests in our subsidiaries. Our subsidiaries conduct all of our operations and own all of our assets. These subsidiaries are distinct legal entities and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries and our subsidiaries may not be able to, or be permitted to, make distributions to us. In the event that we do not receive distributions from our subsidiaries, we may be unable to meet our financial obligations or make distributions to our unitholders.

An impairment of goodwill and intangible assets could reduce our earnings.

As of December 31, 2024, our consolidated balance sheet reflected $1.48 billion of goodwill and $547 million of intangible assets. Goodwill is recorded when the purchase price of a business exceeds the fair value of the tangible and separately measurable intangible net assets. Generally accepted accounting principles ("GAAP") require us to test goodwill and indefinite-lived intangible assets for impairment on an annual basis or when events or circumstances occur, indicating that goodwill or indefinite-lived intangible assets might be impaired. Long-lived assets such as intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If we determine that any of our goodwill or intangible assets were impaired, we would be required to take an immediate charge to earnings with a correlative effect on partners' capital and balance sheet leverage as measured by debt to total capitalization. Impairment charges are allowed to be removed from our debt covenant calculations. See Note 7 to our consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data."

<u>Acquisitions and Future Growth</u>

If we are unable to make acquisitions on economically acceptable terms from third parties, our future growth and ability to increase distributions to unitholders will be limited.

A portion of our strategy to grow our business is dependent on our ability to make acquisitions that result in an increase in cash flow. The acquisition component of our growth strategy is based, in part, on our expectation of ongoing strategic divestitures of wholesale fuel distribution assets by industry participants. If we are unable to make acquisitions from third parties for any reason, including if we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts, we are unable to obtain financing for these acquisitions on economically acceptable terms, we are outbid by competitors, or we or the seller are unable to obtain all necessary consents, our future growth and ability to increase distributions to unitholders will be limited. In addition, if we consummate any future acquisitions, our capitalization and results of operations may change significantly, and unitholders will not have the opportunity to evaluate the economic, financial, and other relevant information considered in determining the application of these funds and other resources. Finally, we may complete acquisitions which at the time of completion we believe will be accretive, but which ultimately may not be accretive. If any of these events were to occur, our future growth would be limited.

Integration of assets and businesses acquired in past acquisitions or future acquisitions with our existing business will be a complex, time-consuming and costly process, particularly given that assets acquired to date significantly increased our size and diversified the geographic areas in which we operate. A failure to successfully integrate the acquired assets or businesses, such as NuStar, with our existing business in a timely manner may have a material adverse effect on our business, financial condition, results of operations or cash available for distribution to our unitholders.

The difficulties of integrating past and future acquisitions with our business include, among other things:

- operating a larger combined organization in new geographic areas and new lines of business;
- hiring, training or retaining qualified personnel to manage and operate our growing business and assets;
- integrating management teams and employees into existing operations and establishing effective communication and information exchange with such management teams and employees;
- diversion of management’s attention from our existing business;
- assimilation of acquired assets and operations, including additional regulatory programs, operational philosophies and complex systems;
- loss of customers, suppliers or key employees;
- maintaining an effective system of internal controls in compliance with the Sarbanes-Oxley Act of 2002 as well as other regulatory compliance and corporate governance matters;
- integrating new technology systems for financial reporting; and
- assuming contractual obligations of acquired businesses, potential unknown liabilities and unforeseeable increased expenses as a result of such acquisitions.

If any of these risks or other unanticipated liabilities or costs were to materialize, then desired benefits from past acquisitions and future acquisitions could result in a negative impact to our future results of operations. In addition, acquired assets may perform at levels below the forecasts used to evaluate them, due to factors beyond our control. If the acquired assets perform at levels below the forecasts, then our future results of operations could be negatively impacted.

Also, our reviews of proposed business or asset acquisitions are inherently imperfect because it is generally not feasible to perform an in-depth review of each such proposal given time constraints imposed by sellers. Even if performed, a detailed review of assets and businesses may not reveal existing or potential problems, and may not provide sufficient familiarity with such business or assets to fully assess their deficiencies and potential. Inspections may not be performed on every asset, and environmental problems, such as groundwater contamination, may not be observable even when an inspection is undertaken.

For example, our acquisition of NuStar involved the combination of two master limited partnerships that operated as independent public partnerships until May 3, 2024. The combination of two independent businesses is complex, costly and time consuming, and we will be required to continue to devote significant management attention and resources to integrating the business practices and operations of NuStar into the Partnership to achieve, among other things, the targeted cost synergies associated with the acquisition. To the extent we are unable to successfully integrate the business and operations of NuStar into the Partnership, our business, results of operations and our ability to achieve the anticipated benefits of the acquisition may be adversely affected.

Acquisitions are subject to substantial risks that could adversely affect our financial condition and results of operations and reduce our ability to make distributions to unitholders.

Any acquisitions involve potential risks, including, among others:

- the validity of our assumptions about revenues, capital expenditures and operating costs of the acquired business or assets, as well as assumptions about achieving synergies with our existing business;

- the validity of our assessment of environmental and other liabilities, including legacy liabilities;
- the costs associated with additional debt or equity capital, which may result in a significant increase in our interest expense and financial leverage resulting from any additional debt incurred to finance the acquisition, or the issuance of additional common units on which we will make distributions, either of which could offset the expected accretion to our unitholders from such acquisition and could be exacerbated by volatility in the equity or debt capital markets;
- a failure to realize anticipated benefits, such as increased available cash per unit, enhanced competitive position or new customer relationships;
- a decrease in our liquidity by using a significant portion of our available cash or borrowing capacity to finance the acquisition;
- the incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges; and
- the risk that our existing financial controls, information systems, management resources and human resources will need to grow to support future growth and we may not be able to react timely.

We could be subject to liabilities from our assets that predate our acquisition of those assets, but that are not covered by indemnification rights we have against the sellers of the assets.

We have acquired assets and businesses and we are not always indemnified by the seller for liabilities that precede our ownership. In addition, in some cases, we have indemnified the previous owners and operators of acquired assets or businesses. Some of our assets have been used for many years to transport and store crude oil and refined products, and past releases could require costly future remediation. If a significant release or event occurred in the past, the liability for which was not retained by the seller, or for which indemnification by the seller is not available, it could adversely affect our financial position and results of operations. Conversely, if liabilities arise from assets we have sold, we could incur costs related to those liabilities if the buyer possesses valid indemnification rights against us with respect to those assets.

The Inflation Reduction Act of 2022 could accelerate the transition to a low carbon economy and could impose new costs on our operations.

In August 2022, President Biden signed the IRA 2022, which contains hundreds of billions in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles and supporting infrastructure and carbon capture and sequestration, amongst other provisions. In addition, the IRA 2022 imposes the first ever federal fee on the emission of GHGs through a methane emissions charge. The IRA 2022 amends the Clean Air Act to impose a fee on the emission of methane from sources required to report their GHG emissions to the EPA, including those sources in the onshore petroleum and natural gas production categories. The methane emissions charge has started in calendar year 2024 at $900 per ton of methane, will increase to $1,200 in 2025, and be set at $1,500 for 2026 and each year after. Calculation of the fee is based on certain thresholds established in the IRA 2022. In addition, the multiple incentives offered for various clean energy industries referenced above could further accelerate the transition of the economy away from the use of fossil fuels towards lower- or zero-carbon emissions alternatives. This could decrease demand for gasoline and diesel, increase our compliance and operating costs and consequently adversely affect our business. While the Trump Administration may roll back or otherwise make changes to certain IRA 2022 programs, it is currently uncertain which programs will be affected and what impact such changes may have.

<u>Regulatory Matters</u>

Our operations are subject to federal, state and local laws and regulations, in the U.S., in Mexico and in Europe, relating to the environment, health, safety and security that require us to make substantial expenditures.

Our operations are subject to increasingly stringent international, federal, state and local environmental, health, safety and security laws and regulations, including those relating to terminals, underground storage tanks, the release or discharge of regulated materials into the air, water and soil, the generation, storage, handling, use, transportation and disposal of hazardous materials, the exposure of persons to regulated materials, and the health and safety of our employees. A violation of, liability under, or noncompliance with these laws and regulations, or any future environmental law or regulation, could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Regulations under the Clean Water Act, the OPA 90 and state laws impose regulatory burdens on terminal operations. Spill prevention control and countermeasure requirements of federal and state laws require containment to mitigate or prevent contamination of waters in the event of a refined product overflow, rupture, or leak from above-ground pipelines and storage tanks. The Clean Water Act also requires us to maintain spill prevention control and countermeasure plans at our terminal facilities with above-ground storage tanks and pipelines. In addition, OPA 90 requires that most fuel transport and storage companies maintain and update various oil spill prevention and oil spill contingency plans. Facilities that are adjacent to water require the engagement of Federally Certified Oil Spill Response Organizations to be available to respond to a spill on water from above ground storage tanks or pipelines.

Transportation and storage of refined products over and adjacent to water involves risk and potentially subjects us to strict, joint, and potentially unlimited liability for removal costs and other consequences of an oil spill where the spill is into navigable waters, along shorelines or in the exclusive economic zone of the United States. In the event of an oil spill into navigable waters, substantial liabilities could be imposed upon us. The Clean Water Act imposes restrictions and strict controls regarding the discharge of pollutants into navigable waters, with the potential of substantial liability for the violation of permits or permitting requirements.

Terminal operations and associated facilities are subject to the Clean Air Act as well as comparable state and local statutes. Under these laws, permits may be required before construction can commence on a new source of potentially significant air emissions, and operating permits may be required for sources that are already constructed. If regulations become more stringent, additional emission control technologies may be required at our facilities. Any such future obligation could require us to incur significant additional capital or operating costs. Additionally, permits or licenses may be difficult to obtain and may include public comment and other public involvement periods, which could affect agency considerations or the decisions reached. For more information, see our regulatory disclosure titled “Air Emissions and Climate Change.”

Terminal operations are subject to additional programs and regulations under OSHA. Liability under, or a violation of compliance with, these laws and regulations, or any future laws or regulations, could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Pipeline operations are also subject to a number of environmental and safety programs and regulations. Should our operations fail to comply with applicable Department of Transportation or comparable state regulations regarding pipeline safety, we could be subject to substantial fines and penalties. In addition, the adoption of recently proposed or new laws or regulations that apply more comprehensive or stringent safety standards could require us to install new or modified safety controls, pursue new capital projects, or conduct maintenance programs on an accelerated basis, all of which could require us to incur increased operational costs that could be significant. For more information, see our regulatory disclosure titled “Pipeline Safety Regulation.”

Certain environmental laws, including CERCLA, impose strict, and under certain circumstances, joint and several, liability on the current and former owners and operators of properties for the costs of investigation and removal or remediation of contamination and also impose liability for any related damages to natural resources without regard to fault. Under CERCLA and similar state laws, as persons who arrange for the transportation, treatment, and disposal of hazardous substances, we may also be subject to liability at sites where such hazardous substances come to be located. We may be subject to third-party claims alleging property damage and/or personal injury in connection with releases of or exposure to hazardous substances at, from, or in the vicinity of our current or former properties or off-site waste disposal sites. Costs associated with the investigation and remediation of contamination, as well as associated third-party claims, could be substantial, and could have a material adverse effect on our business, financial condition, results of operations and our ability to service our outstanding indebtedness. In addition, the presence of, or failure to remediate, identified or unidentified contamination at our properties could materially and adversely affect our ability to sell or rent such property or to borrow money using such property as collateral.

We are required to make financial expenditures to comply with regulations governing underground storage tanks as adopted by federal, state and local regulatory agencies. Compliance with existing and future environmental laws regulating underground storage tank systems of the kind we use may require significant capital expenditures. For example, the EPA has previously published rules that amend existing federal underground storage tank rules, requiring certain upgrades to underground storage tanks and related piping to further ensure the detection, prevention, investigation, and remediation of leaks and spills.

We are required to comply with federal and state financial responsibility requirements to demonstrate that we have the ability to pay for cleanups or to compensate third parties for damages incurred as a result of a release of regulated materials from our underground storage tank systems. We seek to comply with these requirements by maintaining insurance that we purchase from private insurers and in certain circumstances, rely on applicable state trust funds, which are funded by underground storage tank registration fees and taxes on wholesale purchases of motor fuels. Coverage afforded by each fund varies and is dependent upon the continued maintenance and solvency of each fund.

We are responsible for investigating and remediating contamination at a number of our current and former properties. We are entitled to reimbursement for certain of these costs under various third-party contractual indemnities and insurance policies, subject to eligibility requirements, deductibles, per incident, annual and aggregate caps. To the extent third parties (including insurers) do not pay for investigation and remediation, and/or insurance is not available, we will be obligated to make these additional payments, which could have a material adverse impact on our business, liquidity, results of operations and cash available for distribution to our unitholders.

Although we believe that we have a comprehensive environmental, health, and safety program, we may not have identified all environmental liabilities at all of our current and former locations; material environmental or pipeline safety conditions not known to us may exist; existing and future laws, ordinances or regulations may impose material environmental or pipeline safety liability or compliance costs on us; or we may be required to make material expenditures for the remediation of contamination or pipeline integrity and safety matters.

The occurrence of any of the events described above could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

***Our operations are subject to a series of risks related to climate change*.**

The threat of climate change continues to attract considerable attention in the United States and in foreign countries. In the United States to date, no comprehensive climate change legislation has been implemented at the federal level. Additionally, federal regulators, state and local governments, and private parties have taken (or announced that they plan to take) actions related to climate change that have or may have a significant impact on our operations. For example, in response to findings that emissions of carbon dioxide, methane and other GHGs endanger public health and the environment, the EPA has adopted regulations under existing provisions of the Clean Air Act that, among other things, establish PSD construction and Title V operating permit reviews for certain large stationary sources that are already potential major sources of certain principal, or criteria, pollutant emissions. Facilities required to obtain PSD permits for their GHG emissions also will be required to meet “best available control technology” standards that will be established by the states or, in some cases, by the EPA for those emissions. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from certain sources in the United States on an annual basis, including certain of our operations; moreover, the EPA issued new methane standards for both new and existing sources in the oil and gas sector. For more information, see our regulatory disclosure titled “Air Emissions and Climate Change.”

Internationally, the United Nations-sponsored Paris Agreement requires member states to individually determine and submit non-binding emissions reduction targets every five years after 2020. President Biden recommitted the United States to the Paris agreement and, in April 2021, announced a goal of reducing the United States’ emissions by 50-52% below 2005 levels by 2030. However, in January 2025, President Trump issued an executive order calling for the withdrawal of the United States from the Paris Agreement and revoking any related financial commitments thereunder as part of a broader series of executive orders announcing a deregulatory approach with respect to climate change matters. State or local governments may, however, elect to continue to participate in international climate change initiatives and pursue state- or regional-level climate change-related regulations. Any efforts to control and/or reduce GHG emissions by the United States or other countries, or concerted conservation efforts that result in reduced consumption, could adversely impact demand for our products and, in turn, our financial position and results of operations. Increasingly, fossil fuel companies are also exposed to litigation risks from climate change is uncertain at this time. However, any efforts to control and/or reduce GHG emissions by the United States or other countries, or concerted conservation efforts that result in reduced consumption, could adversely impact demand for our products and, in turn, our financial position and results of operations. Increasingly, fossil fuel companies are also exposed to litigation risks from climate change.

Additionally, there is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. While we cannot predict what polices may result from these developments, a material reduction in the capital available to the fossil fuel industry could make it more difficult to secure funding for exploration, development, production, transportation, and processing activities, or for us to obtain funding for growth projects, and consequently could both indirectly affect demand for our services and directly affect our ability to fund construction or other capital projects. Separately, in March of 2024, the SEC released a proposed rule establishing a framework for reporting of climate risks, targets and metrics. However, the rule is currently paused pending litigation and we cannot predict the final outcome. Further, the Trump Administration is expected to repeal the SEC climate rule; however, the timeline for any repeal is subject to a number of uncertainties and likely could face legal challenges that would further delay the implementation of any repeal. Similarly, California has recently enacted a set of laws that may require climate-related disclosures from companies “doing business in California” with certain total annual revenue thresholds. Moreover, some other states in which we operate, such as New York and Illinois, are considering adopting climate disclosure laws. For more information, see our regulatory disclosure titled “Air Emissions and Climate Change.” Although the final form and substance of these requirements is not yet known, these rules and laws may result in additional costs to comply with any such disclosure requirements.

Climate change may also result in various physical risks, such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns that could adversely impact our operations or those of our supply chains. Such physical risks may result in damage to our facilities or otherwise adversely impact our operations, such as to the extent changing weather and temperature trends reduce the demand for our products or frequency with which consumers may visit our locations or impact the cost or availability of insurance. Moreover, certain parties, including local and state governments, have from time to time filed lawsuits against various fossil fuel energy companies seeking damages for alleged physical impacts resulting from climate change or relating to false or misleading statements related to fossil fuel’s contribution to climate change. These various political, regulatory, financial, physical and litigation risks related to climate change have the potential to adversely impact our operations and financial performance.

A climate-related decrease in demand for crude oil could negatively affect our business.

Supply and demand for crude oil is dependent upon a variety of factors, many of which are beyond our control. These factors include, among others, the potential adoption of new government regulations, including those related to fuel conservation measures and climate change regulations, technological advances in fuel economy and energy generation devices. For example, legislative, regulatory or executive actions intended to reduce emissions of GHGs could increase the cost of consuming crude oil, thereby potentially causing a reduction in the demand for this product. A broader transition to alternative fuels or energy sources, whether resulting from potential new government regulation, carbon taxes, governmental incentives and funding such as those provided in the IRA 2022, or consumer preferences could result in decreased demand for products like crude oil. Any decrease in demand could consequently reduce demand for our services and could have a negative effect on our business.

Increased attention to environmental, social and governance ("ESG") matters and conservation measures may adversely impact our business.

Attention from investors, customers, employees, regulatory bodies and other stakeholders to climate change, societal expectations on companies to address climate change or social and employment initiatives and other ESG matters, investor and societal expectations regarding voluntary ESG disclosures, and consumer demand for alternative forms of energy may result in increased costs, reduced demand for our products, reduced profits, increased investigations and litigation, heightened scrutiny of our statements and initiatives, and negative impacts on our common unit price and access to capital markets. Increasing attention to climate change and environmental conservation, for example, may result in reduced demand for fossil fuel products and additional governmental investigations and private litigation against us. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to our causation of or contribution to climate change or asserted damage to the environment, or to other mitigating factors.

Moreover, while we may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures may be based on expectations, assumptions and hypothetical scenarios. Such expectations, assumptions and hypothetical scenarios are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established approach to identifying, measuring and reporting on many ESG matters. Additionally, while we may announce various voluntary ESG targets, such targets are often aspirational. We may not be able to meet such targets in the manner or on such a timeline as initially contemplated, including but not limited to as a result of unforeseen costs or technical difficulties associated with achieving such results. To the extent we meet such targets, it may be achieved through various contractual arrangements, including the purchase of various credits or offsets that may be deemed to mitigate our ESG impact instead of actual changes in our business operations. Some of these arrangements may receive scrutiny from certain constituencies. Also, despite these aspirational goals and any other actions taken, we may receive pressure from investors, lenders, or other groups to adopt more aggressive climate or other ESG-related goals, but we cannot guarantee that we will be able to pursue or implement such goals because of potential costs or technical or operational obstacles.

Certain statements or initiatives with respect to ESG matters that we may pursue or assert are increasingly subject to heightened scrutiny from the public and governmental authorities, as well as other parties. For example, the SEC has recently taken enforcement action against companies for ESG-related misconduct, including alleged "greenwashing," (*i.e.*, the process of conveying misleading information or making false claims that overstate potential ESG benefits). Certain regulators, such as the SEC and various state agencies, as well as nongovernmental organizations and other private actors have filed lawsuits under various securities and consumer protection laws alleging that certain ESG statements, goals or standards were misleading, false or otherwise deceptive. Certain social and inclusion initiatives are the subject of scrutiny by both those calling for the continued advancement of such policies, as well as those who believe they should be curbed, including government actors, and the complex regulatory and legal frameworks applicable to such initiatives continue to evolve. More recent political developments could mean that the Partnership faces increasing criticism or litigation risks from certain "anti-ESG" parties, including various governmental agencies. Such sentiment may focus on the Partnership's environmental commitments (such as reducing GHG emissions) or its pursuit of certain employment practices or social initiatives that are alleged to be political or polarizing in nature or are alleged to violate laws based, in part, on changing priorities of, or interpretations by, federal agencies or state governments. Consideration of ESG-related factors in the Partnership's decision-making could be subject to increasing scrutiny and objection from such anti-ESG parties. As a result, the Partnership may be subject to pressure in the media or through other means, such as governmental investigations, enforcement actions, or other proceedings, all of which could adversely affect our reputation, business, financial performance, market access and growth. Accordingly, there may be increased costs related to reviewing, implementing and managing such policies, as well as compliance and litigation risks based both on positions we do or do not take, or work we do or do not perform

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. While such ratings do not impact all investors' investment or voting decisions, unfavorable ESG ratings and activism directed at shifting funding away from companies with fossil fuel-related assets could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our common unit price and our access to and costs of capital. Also, institutional lenders may decide not to provide funding for fossil fuel companies based on climate change related concerns, which could affect our access to capital.

We are subject to federal laws related to the RFS.

New laws, new interpretations of existing laws, increased governmental enforcement of existing laws or other developments could require us to make additional capital expenditures or incur additional liabilities. For example, at times, certain independent refiners have initiated discussions with the EPA to change the way the RFS is administered in an attempt to shift the burden of compliance from refiners and importers to blenders and distributors. Under the RFS, which requires an annually increasing amount of biofuels to be blended into the fuels used by U.S. drivers, refiners/importers are obligated to obtain renewable identification numbers ("RINs") either by blending biofuel into gasoline or through purchase in the open market. If the obligation was shifted from the importer/refiner to the blender/distributor, the Partnership would potentially have to utilize the RINs it obtains through its blending activities to satisfy a new obligation and would be unable to sell RINs to other obligated parties, which may cause an impact on the fuel margins associated with the Partnership's sale of gasoline. Additionally, the price of RINs is not fixed and is subject to change due to various considerations, including regulatory actions. In June 2023, the EPA released a final rule under the RFS for renewable fuel volumes for the years 2023-2025 that further increases targets for the production of renewable fuels. Subject to certain limitations, the EPA now has significant discretion to set renewable fuel targets under the RFS, which could result in increased compliance obligations on refiners and importers and transportation fuels. It remains unclear how the Trump Administration may adjust existing or future renewable fuel targets under the RFS.

The occurrence of any of the events described above could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We are subject to federal, state and local laws and regulations that govern the product quality specifications of refined petroleum products we purchase, store, transport, and sell to our distribution customers.

Various federal, state, and local government agencies have the authority to prescribe specific product quality specifications for certain commodities, including commodities that we distribute. Changes in product quality specifications, such as reduced sulfur content in refined petroleum products, or other more stringent requirements for fuels, could reduce our ability to procure product, require us to incur additional handling costs and/or require the expenditure of capital. If we are unable to procure product or recover these costs through increased selling price, we may not be able to meet our financial obligations. Failure to comply with these regulations could result in substantial penalties.

We operate assets outside of the United States, which exposes us to different legal and regulatory requirements and additional risk.

A portion of our revenues are generated from our assets located in northern Mexico and Europe. Our operations are subject to various risks that could have a material adverse effect on our business, results of operations and financial condition, including political and economic instability from civil unrest; labor strikes; war and other armed conflict; inflation; currency fluctuations, devaluation and conversion restrictions or other factors. Any deterioration of social, political, labor or economic conditions, including the increasing threat of terrorist organizations and drug cartels in Mexico, or affecting a customer with whom we do business, as well as difficulties in staffing, obtaining necessary equipment and supplies and managing foreign operations, may adversely affect our operations or financial results. We are also exposed to the risk of foreign and domestic governmental actions that may: impose additional costs on us; delay permits or otherwise impede our operations; limit or disrupt markets for our operations, restrict payments or limit the movement of funds; impose sanctions on or otherwise restrict our ability to conduct business with certain customers or persons or in certain countries; or result in the deprivation of contract rights. Our operations outside the United States may also be affected by changes in trade protection laws, policies and measures, and other regulatory requirements affecting trade and investment, including the Foreign Corrupt Practices Act and foreign laws prohibiting corrupt payments, as well as travel restrictions and import and export regulations.

Disputes regarding a failure to maintain product quality specifications or other claims related to the operation of our assets and the services we provide to our customers may result in unforeseen expenses and could result in the loss of customers.

Certain of the products we store and transport are produced to precise customer specifications. If the quality and purity of the products we receive are not maintained or a product fails to perform in a manner consistent with the quality specifications required by our customers, customers have sought, and could in the future seek, replacement of the product or damages for costs incurred as a result of the product failing to perform as guaranteed. We also have faced, and could in the future face, other claims by our customers if our assets do not operate as expected by our customers or our services otherwise do not meet our customers' expectations. Successful claims or a series of claims against us result in unforeseen expenditures and could result in the loss of one or more customers.

The swaps regulatory provisions of the Dodd-Frank Act and the rules adopted thereunder could have an adverse effect on our ability to use derivative instruments to mitigate the risks of changes in commodity prices and interest rates and other risks associated with our business.

Provisions of the Dodd-Frank Act and rules adopted by the Commodity Futures Trading Commission (the "CFTC"), the SEC and other prudential regulators establish federal regulation of the physical and financial derivatives, including over-the-counter derivatives market and entities, such as us, participating in that market. While most of these regulations are already in effect, the implementation process is still ongoing and the CFTC continues to review and refine its initial rulemakings through additional interpretations and supplemental rulemakings. As a result, any new regulations or modifications to existing regulations could significantly increase the cost of derivative contracts, materially alter the terms of derivative contracts, reduce the availability and/or liquidity of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. Any of these consequences could have a material adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

The CFTC has re-proposed speculative position limits for certain futures and option contracts in the major energy markets and for swaps that are their economic equivalents, although certain bona fide hedging transactions would be exempt from these position limits provided that various conditions are satisfied. The CFTC has also finalized a related aggregation rule that requires market participants to aggregate their positions with certain other persons under common ownership and control, unless an exemption applies, for purposes of determining whether the position limits have been exceeded. If adopted, the revised position limits rule and its finalized companion rule on aggregation may create additional implementation or operational exposure. In addition to the CFTC federal speculative position limit regime, designated contract markets ("DCMs") also maintain speculative position limit and accountability regimes with respect to contracts listed on their platform as well as aggregation requirements similar to the CFTC's final aggregation rule. Any speculative position limit regime, whether imposed at the federal-level or at the DCM-level may impose added operating costs to monitor compliance with such position limit levels, addressing accountability level concerns and maintaining appropriate exemptions, if applicable.

The Dodd-Frank Act requires that certain classes of swaps be cleared on a derivatives clearing organization and traded on a DCM or other regulated exchange, unless exempt from such clearing and trading requirements, which could result in the application of certain margin requirements imposed by derivatives clearing organizations and their members. The CFTC and prudential regulators have also adopted mandatory margin requirements for uncleared swaps entered into between swap dealers and certain other counterparties. We currently qualify for and rely upon an end-user exception from such clearing and margin requirements for the swaps we enter into to hedge our commercial risks. However, the application of the mandatory clearing and trade execution requirements and the uncleared swaps margin requirements to other market participants, such as swap dealers, may adversely affect the cost and availability of the swaps that we use for hedging.

In addition to the Dodd-Frank Act, the European Union and other foreign regulators have adopted and are implementing local reforms generally comparable with the reforms under the Dodd-Frank Act. Implementation and enforcement of these regulatory provisions may reduce our ability to hedge our market risks with non-U.S. counterparties and may make transactions involving cross-border swaps more expensive and burdensome. Additionally, the lack of regulatory equivalency across jurisdictions may increase compliance costs and make it more difficult to satisfy our regulatory obligations.

If third-party pipelines and other facilities interconnected to our fuel storage terminals and transmix processing facilities become partially or fully unavailable to transport refined products, our revenues could be adversely affected.

We depend upon third-party pipelines and other facilities that provide delivery options to and from our fuel storage terminals and transmix processing facilities. Since we do not own or operate these pipelines or other facilities, their continuing operation in their current manner is not within our control. If any of these third-party facilities become partially or fully unavailable, or if the quality specifications for their facilities change so as to restrict our ability to utilize them, our financial condition and results of operations could be adversely affected.

We may be unable to obtain or renew permits necessary for our current or proposed operations, which could inhibit our ability to conduct or expand our business.

Our facilities operate under a number of federal, state and local permits, licenses and approvals with terms and conditions containing a significant number of prescriptive limits and performance standards in order to operate. These limits and standards require a significant amount of monitoring, recordkeeping and reporting in order to demonstrate compliance with the underlying permit, license or approval. Noncompliance or incomplete documentation of our compliance status may result in the imposition of fines, penalties and injunctive relief. In addition, public protest, political activism and responsive government intervention have made it more difficult for energy companies to acquire the permits required to complete planned infrastructure projects. A decision by a government agency to deny or delay issuing a new or renewed permit, license or approval, or to revoke or substantially modify an existing permit, license or approval, or to impose additional requirements on the renewal could have a material adverse effect on our ability to continue or expand our operations and on our financial condition, results of operations, cash flows and ability to make distributions to our unitholders.

Certain of our interstate common carrier pipelines are subject to regulation by the FERC and the STB, which could have an adverse impact on our ability to recover the full cost of operating our pipelines and the revenue we are able to receive from those operations.

Pursuant to the ICA and various other laws, the FERC regulates tariff rates and terms and conditions of service for interstate crude oil and refined products movements on common carrier pipelines. The FERC requires that these rates be just and reasonable and not unduly discriminatory with respect to any shipper. The FERC or shippers may challenge required pipeline tariff filings, including rates and terms and conditions of service. Further, other than for rates set under market-based rate authority, if a new rate is challenged by protest and investigated by the FERC, the FERC may require amounts refunded where such amounts were collected in excess of the deemed just and reasonable rate. In addition, shippers may challenge by complaint tariff rates and terms and conditions of service even after they take effect, and the FERC may order a carrier to change its rates prospectively to a just and reasonable level. A complaining shipper also may obtain reparations for damages sustained during the two years prior to the date of the complaint.

We are able to use various FERC-authorized rate change methodologies for our interstate pipelines, including indexed rates, cost-of-service rates, market-based rates and negotiated rates. Typically, we adjust our rates annually in accordance with the FERC indexing methodology, which currently allows a pipeline to change its rates within prescribed ceiling levels that are tied to an inflation index. It is possible that the index may result in negative rate adjustments in some years, or that changes in the index might not be large enough to fully reflect actual increases in our costs. The FERC's indexing methodology is subject to review and revision every five years, with the most recent five-year review occurring in 2020. See our regulatory disclosure titled "Regulation of Interstate Crude Oil and Products Pipelines" for additional information on FERC's indexing methodology.

The FERC has granted us authority to charge market-based rates on some of our pipelines, which are not subject to cost-of-service or indexing constraints. If we were to lose market-based rate authority, however, we could be required to establish rates on some other basis, such as cost-of-service, which could reduce our revenues and cash flows. Additionally, competition constrains our rates in various markets, which may force us to reduce certain rates to remain competitive.

Pursuant to the ICC Termination Act of 1995 ("ITA"), the STB regulates interstate pipelines carrying products other than gas, oil or water, including the anhydrous ammonia we transport. Unlike the ICA, which allows the FERC to investigate a carrier's rates on its own initiative, ITA prescribes the STB may only investigate issues in response to complaints by shippers and other interested parties. Further, carriers are not required by the ITA or the STB to report rates charged to transport anhydrous ammonia or other commodities, and the STB does not routinely collect such information. Adverse changes in the FERC's or STB's rate change methodologies or challenges to our rates that result in significant damages could negatively affect our cash flows, results of operations and our ability to make distributions to our unitholders.

The third parties on whom we rely for transportation services to our fuel storage terminals and transmix processing facilities are subject to complex federal, state, and other laws that could adversely affect our financial condition and results of operations.

The operations of the third parties on whom we rely for transportation services are subject to complex and stringent laws and regulations that require obtaining and maintaining numerous permits, approvals and certifications from various federal, state and local government authorities. These third parties may incur substantial costs in order to comply with existing laws and regulations. If existing laws and regulations governing such third-party services are revised or reinterpreted, or if new laws and regulations become applicable to their operations, these changes may affect the costs that we pay for services. Similarly, a failure to comply with such laws and regulations by the third parties could have a material adverse effect on our financial condition and results of operations.

Indebtedness

Our debt levels may impair our financial condition and our ability to make distributions to our unitholders.

We had $7.5 billion of debt outstanding as of December 31, 2024, which includes the $2.57 billion aggregate principal amount of debt we assumed in connection with the NuStar acquisition. We have the ability to further incur additional debt under our Credit Facility (as defined herein) and the indentures governing our senior notes. The level of our future indebtedness could have important consequences to us, including:

- making it more difficult for us to satisfy our obligations with respect to our senior notes and our credit agreement governing our Credit Facility;
- limiting our ability to borrow additional amounts to fund working capital, capital expenditures, acquisitions, debt service requirements, the execution of our growth strategy and other activities;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay interest on our debt, which would reduce our cash flow available to make distributions to our unitholders and to fund working capital, capital expenditures, acquisitions, execution of our growth strategy and other activities;

- making us more vulnerable to adverse changes in general economic conditions, our industry and government regulations and in our business by limiting our flexibility in planning for, and making it more difficult for us to react quickly to, changing conditions; and
- placing us at a competitive disadvantage compared with our competitors that have less debt.

In addition, we may not be able to generate sufficient cash flow from our operations to repay our indebtedness when it becomes due and to meet other cash needs. Our ability to service our debt depends upon, among other things, our financial and operating performance as impacted by prevailing economic conditions, and financial, business, regulatory and other factors, some of which are beyond our control. In addition, our ability to service our debt will depend on market interest rates, since the rates applicable to a portion of our borrowings fluctuate. If we are not able to pay our debts as they become due, we will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional debt or equity securities. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, and if we must sell our assets, it may negatively affect our ability to generate revenues.

Increases in interest rates could reduce the amount of cash we have available for distributions as well as the relative value of those distributions to yield-oriented investors, which could cause a decline in the market value of our common units.

Approximately $203 million of our outstanding indebtedness as of December 31, 2024 bears interest at variable interest rates. Should variable interest rates rise, the amount of cash we would otherwise have available for distribution would ordinarily be expected to decline, which could impact our ability to maintain or grow our quarterly distributions. Additionally, an increase in interest rates in lower risk investment alternatives, such as United States treasury securities, could cause investors to demand a relatively higher distribution yield on our common units, which, unless we are able to raise our distribution, would imply a lower trading price for our common units. Consequently, rising interest rates could cause a significant decline in the market value of our common units.

Our existing debt agreements have substantial restrictions and financial covenants that may restrict our business and financing activities and our ability to pay distributions to our unitholders.

We are dependent upon the earnings and cash flow generated by our operations in order to meet our debt service obligations and to allow us to make cash distributions to our unitholders. The operating and financial restrictions and covenants in our credit agreement, the indentures governing our senior notes, the indentures governing NuStar's senior notes, the agreements governing the revenue bonds issued by the Parish of St. James, Louisiana pursuant to the Gulf Opportunity Zone Act of 2005 (the "GoZone Bonds") and any future financing agreements may restrict our ability to finance future operations or capital needs, to engage in or expand our business activities or to pay distributions to our unitholders. For example, our credit agreement, the indentures governing our senior notes, the indentures governing the NuStar senior notes and the agreements governing the GoZone Bonds restrict our ability to, among other things:

- incur certain additional indebtedness;
- incur, permit, or assume certain liens to exist on our properties or assets;
- make certain investments or enter into certain restrictive material contracts;
- make distributions;
- repurchase units; and
- merge or dispose of all or substantially all of our assets.

In addition, our credit agreement contains covenants requiring us to maintain certain financial ratios. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for additional information.

Our future ability to comply with these restrictions and covenants is uncertain and will be affected by the levels of cash flow from our operations and other events or circumstances beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any provisions of our credit agreement, the indentures governing our senior notes, the indentures governing the NuStar senior notes, the agreements governing the GoZone Bonds or any agreements governing future indebtedness that are not cured or waived within the appropriate time period provided therein, a significant portion of our indebtedness may become immediately due and payable, our ability to make distributions to our unitholders will be inhibited and our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments.

Detail of Risk Factors Related to Our Structure

Our General Partner

Energy Transfer owns and controls our General Partner, which has sole responsibility for conducting our business and managing our operations. Our General Partner and its affiliates, including Energy Transfer, have conflicts of interest with us and limited contractual duties and they may favor their own interests to the detriment of us and our unitholders.

Energy Transfer owns and controls our General Partner and appoints all of the officers and directors of our General Partner. Although our General Partner has a contractual obligation to manage us in a manner it believes is not adverse to us, the executive officers and directors of our General Partner also have a contractual duty to manage our General Partner in a manner beneficial to Energy Transfer. Therefore, conflicts of interest may arise between Energy Transfer and its affiliates, including our General Partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts of interest, our General Partner may favor its own interests and the interests of its affiliates over the interests of our common unitholders. These conflicts include the following situations, among others:

- Our General Partner's affiliates, including Energy Transfer and its affiliates, are not prohibited from engaging in other business or activities, including those in direct competition with us.
- In addition, neither our partnership agreement nor any other agreement requires Energy Transfer to pursue a business strategy that favors us. The affiliates of our General Partner have contractual duties to make decisions in their own best interests and in the best interest of their owners, which may be contrary to our interests. In addition, our General Partner is allowed to take into account the interests of parties other than us or our unitholders, such as Energy Transfer, in resolving conflicts of interest.
- Certain officers and directors of our General Partner are officers or directors of affiliates of our General Partner, and also devote significant time to the business of these entities and are compensated accordingly.
- Affiliates of our General Partner, including Energy Transfer, are not limited in their ability to compete with us and may offer business opportunities or sell assets to parties other than us.
- Our partnership agreement provides that our General Partner may, but is not required to, in connection with its resolution of a conflict of interest, seek "special approval" of such resolution by appointing a conflicts committee of the General Partner's board of directors composed of one or more independent directors to consider such conflicts of interest and to either, itself, take action or recommend action to the board of directors, and any resolution of the conflict of interest by the conflicts committee shall be conclusively deemed to be approved by our unitholders.
- Except in limited circumstances, our General Partner has the power and authority to conduct our business without unitholder approval.
- Our General Partner determines the amount and timing of asset purchases and sales, borrowings, repayment of indebtedness and issuances of additional partnership securities and the level of reserves, each of which can affect the amount of cash that is distributed to our unitholders.
- Our General Partner determines the amount and timing of any capital expenditure and whether a capital expenditure is classified as a maintenance capital expenditure or an expansion capital expenditure. These determinations can affect the amount of cash that is distributed to our unitholders.
- Our General Partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions on the IDRs.
- Our partnership agreement permits us to distribute up to $25 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions on the IDRs.
- Our General Partner determines which costs incurred by it and its affiliates are reimbursable by us.
- Our partnership agreement does not restrict our General Partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with its affiliates on our behalf. There is no limitation on the amounts our General Partner can cause us to pay it or its affiliates.
- Our General Partner has limited its liability regarding our contractual and other obligations.
- Our General Partner may exercise its right to call and purchase common units if it and its affiliates own more than 80% of the common units.
- Our General Partner controls the enforcement of obligations owed to us by it and its affiliates. In addition, our General Partner will decide whether to retain separate counsel or others to perform services for us.
- Energy Transfer may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to Energy Transfer's IDRs without the approval of the conflicts committee of the board of directors of our General Partner or our unitholders. This election may result in lower distributions to our common unitholders in certain situations.

Our General Partner has limited its liability regarding our obligations.

Our General Partner has limited its liability under contractual arrangements so that the counterparties to such arrangements have recourse only against our assets, and not against our General Partner or its assets. Our General Partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our General Partner. Our partnership agreement provides that any action taken by our General Partner to limit its liability is not a breach of our General Partner's contractual duties to us, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our General Partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders.

Our General Partner may, in its sole discretion, approve the issuance of partnership securities and specify the terms of such partnership securities.

Pursuant to our partnership agreement, our General Partner has the ability, in its sole discretion and without the approval of our unitholders, to approve the issuance of securities by the Partnership at any time and to specify the terms and conditions of such securities. The securities authorized to be issued may be issued in one or more classes or series, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership securities), as shall be determined by our General Partner, including:

- the right to share in the Partnership's profits and losses;
- the right to share in the Partnership's distributions;
- the rights upon dissolution and liquidation of the Partnership;
- whether, and the terms upon which, the Partnership may redeem the securities;
- whether the securities will be issued, evidenced by certificates and assigned or transferred; and
- the right, if any, of the security to vote on matters relating to the Partnership, including matters relating to the relative rights, preferences and privileges of such security.

Cost reimbursements due to our General Partner and its affiliates for services provided to us or on our behalf will reduce cash available for distribution to our unitholders. The amount and timing of such reimbursements will be determined by our General Partner.

Prior to making any distribution on the common units, we will reimburse our General Partner and its affiliates for all expenses they incur and payments they make on our behalf pursuant to our partnership agreement. Our partnership agreement does not limit the amount of expenses for which our General Partner and its affiliates may be reimbursed. Our partnership agreement provides that our General Partner will determine in good faith the expenses that are allocable to us. Reimbursement of expenses and payment of fees to our General Partner and its affiliates will reduce the amount of cash available to pay distributions to our unitholders.

Our Partnership Agreement

Our partnership agreement requires that we distribute all of our available cash, which could limit our ability to grow and make acquisitions.

Our partnership agreement requires that we distribute all of our available cash to our unitholders. Our General Partner will determine the amount and timing of such distributions and has broad discretion to establish and make additions to our reserves in amounts it determines in its reasonable discretion to be necessary or appropriate. As such, we rely primarily upon external financing sources, including borrowings under our Credit Facility and the issuance of debt and equity securities, to fund our acquisitions and expansion capital requirements. To the extent we are unable to finance growth externally, our cash distribution policy may significantly impair our ability to grow.

In addition, because we distribute all of our available cash, our growth rate may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to existing common units. The incurrence of bank borrowings or other debt to finance our growth strategy may result in increased interest expense, which, in turn, may impact the available cash that we have to distribute to our unitholders.

Our partnership agreement limits the liability and duties of our General Partner and restricts the remedies available to us and our common unitholders for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duty if we were a Delaware corporation.

Our partnership agreement limits the liability and duties of our General Partner, while also restricting the remedies available to our common unitholders for actions that, without these limitations, might constitute breaches of fiduciary duty under Delaware law. Delaware partnership law permits such contractual reductions or elimination of fiduciary duty. By purchasing common units, common unitholders consent to be bound by the partnership agreement, and pursuant to our partnership agreement, each unitholder consents to various actions and conflicts of interest contemplated in our partnership agreement that might otherwise constitute a breach of fiduciary or other duties under Delaware law. For example:

- Our partnership agreement permits our General Partner to make a number of decisions in its individual capacity, as opposed to its capacity as General Partner. This entitles our General Partner to consider only the interests and factors that it desires, with no duty or obligation to give consideration to the interests of, or factors affecting, our common unitholders. Decisions made by our General Partner in its individual capacity will be made by Energy Transfer, as the owner of our General Partner, and not by the board of directors of our General Partner. Examples of such decisions include:
    - whether to exercise limited call rights;
    - how to exercise voting rights with respect to any units it owns;
    - whether to exercise registration rights; and
    - whether to consent to any merger or consolidation, or amendment to our partnership agreement.
- Our partnership agreement provides that our General Partner will not have any liability to us or our unitholders for decisions made in its capacity as General Partner so long as it acted in good faith as defined in the partnership agreement, meaning it believed that the decisions were not adverse to the interests of our partnership.
- Our partnership agreement provides that our General Partner and the officers and directors of our General Partner will not be liable for monetary damages to us for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our General Partner or those persons acted in bad faith or, in the case of a criminal matter, acted with knowledge that such person's conduct was criminal.
- Our partnership agreement provides that our General Partner will not be in breach of its obligations under the partnership agreement or its duties to us or our limited partners with respect to any transaction involving an affiliate if:
    - the transaction with an affiliate or the resolution of a conflict of interest is:
        - approved by the conflicts committee of the board of directors of our General Partner, although our General Partner is not obligated to seek such approval; or
        - approved by the vote of a majority of the outstanding common units, excluding any common units owned by our General Partner and its affiliates; or
        - the board of directors of our General Partner acted in good faith in taking any action or failing to act.

If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee then it will be presumed that, in making its decision, taking any action or failing to act, the board of directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Energy Transfer may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to its IDRs, without the approval of the conflicts committee of our General Partner's board of directors or the holders of our common units. This could result in lower distributions to holders of our common units.

Energy Transfer has the right, at any time it has received incentive distributions at the highest level to which it is entitled (50%) for each of the prior four consecutive whole fiscal quarters (and the amount of each such did not exceed adjusted operating surplus for each such quarter), to reset the initial target distribution levels at higher levels based on our cash distributions at the time of the exercise of the reset election. Following a reset election by Energy Transfer, the minimum quarterly distribution will be adjusted to equal the reset minimum quarterly distribution, and the target distribution levels will be reset to correspondingly higher levels based on the same percentage increases above the reset minimum quarterly distribution reflected by the current target distribution levels.

If Energy Transfer elects to reset the target distribution levels, it will be entitled to receive a number of common units equal the number of common units which would have entitled their holder to an average aggregate quarterly cash distribution in the prior two quarters equal to the average of the distributions to Energy Transfer on the IDRs in the prior two quarters. We anticipate that Energy Transfer would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion. It is possible, however, that Energy Transfer could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its

IDRs and may, therefore, desire to be issued common units rather than retain the right to receive incentive distributions based on the initial target distribution levels. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that they would have otherwise received had we not issued new common units to Energy Transfer in connection with resetting the target distribution levels.

Holders of our common units have limited voting rights and are not entitled to elect our General Partner or its directors.

Unlike the holders of common stock in a corporation, our common unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Our common unitholders have no right on an annual or ongoing basis to elect our General Partner or its board of directors. The board of directors of our General Partner, including the independent directors, are chosen entirely by Energy Transfer due to its ownership of our General Partner, and not by our common unitholders. Unlike a publicly traded corporation, we do not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting our unitholders' ability to influence the manner or direction of management.

Even if holders of our common units are dissatisfied, they cannot easily remove our General Partner without its consent.

If our unitholders are dissatisfied with the performance of our General Partner, they have limited ability to remove our General Partner. Our General Partner generally may not be removed except upon the vote of the holders of 66⅔% of our outstanding common units, including units owned by our General Partner and its affiliates. As of December 31, 2024, Energy Transfer and its affiliates held approximately 20.9% of our outstanding common units.

Our General Partner interest or the control of our General Partner may be transferred to a third party without unitholder consent.

Our General Partner may transfer its General Partner interest to a third party without the consent of our unitholders in a merger, in a sale of all or substantially all of its assets or in other transactions so long as certain conditions are satisfied. Furthermore, our partnership agreement does not restrict the ability of Energy Transfer to transfer all or a portion of its interest in our General Partner to a third party. Any new owner of our General Partner or our General Partner interest would then be in a position to replace the board of directors and executive officers of our General Partner with its own designees without the consent of unitholders and thereby exert significant control over us, and may change our business strategy.

Our General Partner has a limited call right that may require unitholders to sell their common units at an undesirable time or price.

If at any time our General Partner and its affiliates own more than 80% of the common units, our General Partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (1) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (2) the highest per-unit price paid by our General Partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our General Partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our partnership agreement that prevents our General Partner from issuing additional common units and exercising its call right.

We may issue additional units without unitholder approval, which would dilute existing unitholder ownership interests.

Our partnership agreement does not limit the number of additional limited partner interests we may issue at any time without the approval of our unitholders. The issuance of additional common units or other equity interests of equal or senior rank will have the following effects:

- our existing unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

The market price of our common units could be adversely affected by sales of substantial amounts of our common units in the public or private markets, including sales by Energy Transfer.

As of December 31, 2024, Energy Transfer owned 28,463,967 of our common units. The sale or disposition of a substantial portion of these units in the public or private markets could reduce the market price of our outstanding common units.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our outstanding common units.

Our partnership agreement restricts unitholders' voting rights by providing that any units held by a person or group that owns 20% or more of any class of units then outstanding, other than our General Partner and its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors of our General Partner, cannot vote on any matter.

The amount of cash we have available for distribution to holders of our units depends primarily on our cash flow and not solely on profitability, which may prevent us from making cash distributions during periods when we record net income.

The amount of cash we have available for distribution depends primarily upon our cash flow, including cash flow from working capital or other borrowings, and not solely on profitability, which will be affected by non-cash items. As a result, we may pay cash distributions during periods when we record net losses for financial accounting purposes and may not pay cash distributions during periods when we record net income.

Unitholders may have liability to repay distributions.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act (the "Delaware Act"), we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. A purchaser of units who becomes a limited partner is liable for the obligations of the transferring limited partner to make contributions to the partnership that are known to such purchaser at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interests and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

Our partnership agreement limits the forum, venue and jurisdiction of claims, suits, actions or proceedings.

Our partnership agreement is governed by Delaware law. Our partnership agreement requires that any claims, suits, actions or proceedings:

- arising out of or relating in any way to our partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of our partnership agreement or the duties, obligations or liabilities among our limited partners or of our limited partners to us, or the rights or powers of, or restrictions on, our limited partners or us);
- brought in a derivative manner on our behalf;
- asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of us or our General Partner, or owed by our General Partner, to us or the limited partners;
- asserting a claim arising pursuant to any provision of the Delaware Act; or
- asserting a claim governed by the internal affairs doctrine,

will be exclusively brought in the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction). By purchasing a common unit, a limited partner is irrevocably consenting to these limitations and provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware in connection with any such claims, suits, actions or proceedings.

The provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar forum selection provisions in other companies' certificates of incorporation or similar governing documents have been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could find that the forum selection provision contained in our partnership agreement is inapplicable or unenforceable in such action or actions, including with respect to claims arising under the federal securities laws. Limited partners will not be deemed, by operation of the forum selection provision alone, to have waived claims arising under the federal securities laws and the rules and regulations thereunder.

The forum selection provision is intended to apply "to the fullest extent permitted by applicable law" to the above-specified types of actions and proceedings, including, to the extent permitted by the federal securities laws, to lawsuits asserting both the above-specified claims and federal securities claims. However, application of the forum selection provision may in some instances be limited by applicable law. Section 27 of the Exchange Act provides: "The district courts of the United States ... shall have exclusive jurisdiction of violations of the Exchange Act or the rules and regulations thereunder, and of all suits in equity and actions at law brought to enforce any liability or duty created by the Exchange Act or the rules and regulations thereunder." As a result, the forum selection provision will not apply to actions arising under the Exchange Act or the rules and regulations thereunder. However, Section 22 of the Securities Act of 1933, as amended (the "Securities Act") provides for concurrent federal and state court jurisdiction over actions under the Securities Act and the rules and regulations thereunder, subject to a limited exception for certain "covered class actions" as defined in Section 16 of the Securities Act and interpreted by the courts. Accordingly, we believe that the forum selection provision would apply to actions arising under the Securities Act or the rules and regulations thereunder, except to the extent a particular action fell within the exception for covered class actions.

The NYSE does not require a publicly traded partnership like us to comply with certain corporate governance requirements.

Because we are a publicly traded partnership, the NYSE does not require us to have a majority of independent directors on our General Partner's board of directors or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders do not have the same protections afforded to stockholders of corporations that are subject to all of the corporate governance requirements of the applicable stock exchange.

Detail of Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service ("IRS") were to treat us as a corporation for U.S. federal income tax purposes or we were otherwise subject to a material amount of entity-level taxation, then our cash available for distribution to our unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U.S. federal income tax purposes.

Despite the fact that we are organized as a limited partnership under Delaware law, we will be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based upon our current operations, we believe we satisfy the qualifying income requirement. However, no ruling has been or will be requested regarding our treatment as a partnership for U.S. federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 21%, and would likely pay state income tax at varying rates. Distributions to our unitholders who are treated as holders of corporate stock would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us.

In addition, changes in current state law may subject us to additional entity-level taxation by individual states. Several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. For example, we are currently subject to the entity-level Texas franchise tax. Imposition of any such additional taxes on us or an increase in the existing tax rates would reduce the cash available for distribution to our unitholders. Therefore, if we were treated as a corporation for U.S. federal income tax purposes or otherwise subjected to a material amount of entity-level taxation, there would be a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. Members of Congress have frequently proposed and considered substantive changes to the existing U.S. federal income tax laws that would affect publicly traded partnerships, including proposals that would eliminate our ability to qualify for partnership tax treatment. Recent proposals have provided for the expansion of the qualifying income exception for publicly traded partnerships in certain circumstances and other proposals have provided for the total elimination of the qualifying income exception upon which we rely for our partnership tax treatment. Further, while unitholders of publicly traded partnerships are, subject to certain limitations, entitled to a deduction equal to

20% of their allocable share of a publicly traded partnership's "qualified business income," this deduction is scheduled to expire with respect to taxable years beginning after December 31, 2025.

In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. There can be no assurance that there will not be further changes to U.S. federal income tax laws or the Treasury Department's interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a partnership in the future.

Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be retroactively applied and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any changes or other proposals will ultimately be enacted. Any future legislative changes could negatively impact the value of an investment in our common units.

If the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect directly from us taxes (including any applicable penalties and interest) resulting from such audit adjustments, in which case our cash available for distribution to our unitholders might be substantially reduced.

If the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. To the extent possible, our General Partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue an information statement to our current and former unitholders with respect to an audited and adjusted return. Although our General Partner may elect to have our current and former unitholders take such audit adjustment into account and pay any resulting taxes (including applicable penalties or interest) in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced.

We have subsidiaries that are treated as corporations for U.S. federal income tax purposes and are subject to corporate-level income taxes.

Even though we (as a partnership for U.S. federal income tax purposes) are not subject to U.S. federal income tax, some of our operations are currently conducted through subsidiaries that are organized as corporations for U.S. federal income tax purposes. The taxable income, if any, of these subsidiaries is subject to corporate-level U.S. federal income taxes, which may reduce the cash available for distribution to us and, in turn, to our unitholders. If the IRS or other state or local jurisdictions were to successfully assert that these corporations have more tax liability than we anticipate or legislation is enacted that increases the corporate tax rate, then cash available for distribution could be further reduced. The income tax return filing positions taken by these corporate subsidiaries requires significant judgment, use of estimates, and the interpretation and application of complex tax laws. Significant judgment is also required in assessing the amounts of deductible and taxable items. Despite our belief that the income tax return positions taken by these subsidiaries are fully supportable, certain positions may be successfully challenged by the IRS, state or local jurisdictions.

Our unitholders will be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

Because our unitholders will be treated as partners to whom we will allocate taxable income that could be different in amount than the cash we distribute, our unitholders will be required to pay U.S. federal income taxes and, in some cases, state and local income taxes on their share of our taxable income whether or not they receive cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that results from that income.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If a unitholder sells its common units, it will recognize a gain or loss equal to the difference between the amount realized and its tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income result in a decrease in its tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the common units it sells will, in effect, become taxable income to the unitholder if it sells such common units at a price greater than its tax basis in those common units, even if the price the unitholder receives is less than its original cost. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if a unitholder sells its common units, such unitholder may incur a tax liability in excess of the amount of cash received from the sale.

Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture of depreciation deductions and certain other items. Thus, a unitholder may recognize both ordinary income and capital loss from the sale of units if the amount realized on a sale of such units is less than such unitholder's adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to $3,000 of ordinary income per year. In the taxable period in which a unitholders sells their units, such unitholder may recognize ordinary income from our allocations of income and gain to such unitholder prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

Tax-exempt entities face unique tax issues from owning common units that may result in adverse tax consequences to them.

Investments in our common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts ("IRAs") raise issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Additionally, all or part of any gain recognized by such tax-exempt organization upon a sale or other disposition of our units may be unrelated business taxable income. Tax-exempt entities should consult a tax advisor before investing in our common units.

If the IRS contests the U.S. federal income tax positions we take, the market for our common units may be adversely impacted and the cost of any IRS contest will reduce our cash available for distribution to our unitholders.

The IRS may adopt positions that differ from the positions we take, and the IRS's positions may ultimately be sustained. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest by the IRS may materially and adversely impact the market for our common units and the price at which they trade. The costs of any contest by the IRS will be borne indirectly by our unitholders because the costs will reduce our cash available for distribution.

We treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could result in a unitholder owing more tax and may adversely affect the value of the common units.

Because we cannot match transferors and transferees of common units, we have adopted certain methods for allocating depreciation and amortization deductions that may not conform to all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to a unitholder. It also could affect the timing of these tax benefits or the amount of gain from a unitholder's sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to a unitholder's tax returns.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular common unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the General Partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of the proration method we have currently adopted. If the IRS were to successfully challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose common units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of common units) may be considered as having disposed of those common units. If so, the unitholder would no longer be treated for U.S. federal income tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequences of loaning a partnership interest, a unitholder whose common units are the subject of a securities loan may be considered as having disposed of the loaned common units. In that case, he may no longer be treated for U.S. federal income tax purposes as a partner with respect to those common units during the period of the loan and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their common units.

We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methods or the resulting allocations, and such a challenge could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our respective assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our respective assets. Our methodology may be viewed as understating the value of our assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and our general partner, which may be unfavorable to such unitholders. Moreover, under our current valuation methods, subsequent purchasers of our units may have a greater portion of their Internal Revenue Code Section 743(b) ("Section 743(b)") adjustment allocated to our tangible assets and a lesser portion allocated to our intangible assets. The IRS may challenge our valuation methods, or our allocation of Section 743(b) adjustment attributable to our tangible and intangible assets, and allocations of income, gain, loss and deduction between our general partner and certain of our unitholders.

A successful IRS challenge to these methods or allocations could adversely affect the amount, character, and timing of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

Unitholders will likely be subject to state and local taxes and return filing requirements in states where they do not live as a result of investing in our common units.

In addition to U.S. federal income taxes, unitholders may be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which we conduct business or own property now or in the future or in which the unitholder is a resident. We currently own property or do business in a substantial number of states, most of which impose a personal income tax and many of which impose an income tax on corporations and other entities. We may also own property or do business in other states in the future. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on its investment in us.

Although you may not be required to file a return and pay taxes in some jurisdictions because your income from that jurisdiction falls below the filing and payment requirement, you will be required to file income tax returns and to pay income taxes in many of the jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. Some of the jurisdictions may require us, or we may elect, to withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the jurisdiction. Withholding, the amount of which may be greater or less than a particular unitholder's income tax liability to the jurisdiction, generally does not relieve a nonresident unitholder from the obligation to file an income tax return.

It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of its investment in us. We strongly recommend that each prospective unitholder consult, and depend on, its own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local, and non-U.S., as well as U.S. federal tax returns that may be required of it.

Unitholders may be subject to limitations on their ability to deduct interest expense we incur.

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, our deduction for "business interest" is limited to the sum of our business interest income and 30% of our "adjusted taxable income." For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income.

If our "business interest" is subject to limitation under these rules, our unitholders will be limited in their ability to deduct their share of any interest expense that has been allocated to them. As a result, unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

Non-U.S. unitholders will be subject to U.S. federal income taxes and withholding with respect to their income and gain from owning our common units.

Non-U.S. unitholders are generally taxed and subject to U.S. federal income tax filing requirements on income effectively connected with a U.S. trade or business. Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be "effectively connected" with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a non-U.S. unitholder who sells or otherwise disposes of a common unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit. In addition to the withholding tax imposed on distributions of effectively connected income, distributions to a non-U.S. unitholder will also be subject to a 10% withholding tax on the amount of any distribution in excess of our cumulative net income. As we do not compute our cumulative net income for such purposes due to the complexity of the calculation and lack of clarity in how it would apply to us, we intend to treat all of our distributions as being in excess of our cumulative net income for such purposes and subject to such 10% withholding tax. Accordingly, distributions to a non-U.S. unitholder will be subject to a combined withholding tax rate equal to the sum of the highest applicable effective tax rate and 10%.

Moreover, the transferee of an interest in a partnership that is engaged in a U.S. trade or business is generally required to withhold 10% of the "amount realized" by the transferor unless the transferor certifies that it is not a foreign person. While the determination of a partner's "amount realized" generally includes any decrease of a partner's share of the partnership's liabilities, the Treasury regulations provide that the "amount realized" on a transfer of an interest in a publicly traded partnership, such as our common units, will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and thus will be determined without regard to any decrease in that partner's share of a publicly traded partnership's liabilities. For a transfer of interests in a publicly traded partnership that is effected through a broker the obligation to withhold is imposed on the transferor's broker. Current and prospective non-U.S. unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Description of Processes for Assessing, Identifying, and Managing Cybersecurity Risks

The information and operational technology infrastructure we use is important to the operation of our business and to our ability to perform day-to-day operations. In the normal course of business, we may collect and store certain sensitive information of the Partnership, including proprietary and confidential business information, trade secrets, intellectual property, sensitive third-party and employee information, and certain personally identifiable information.

The Partnership maintains a shared services cybersecurity program for assessing, identifying, and managing material risks from cybersecurity threats. This program includes processes that are modeled after the National Institute of Standards and Technology's Cybersecurity Framework and focuses on using business drivers to guide cybersecurity activities. This program is managed by a team of full-time employees, overseen by our Chief Information Officer, that are tasked with conducting our day-to-day IT operations (collectively, the "IT team"). Furthermore, the Partnership considers cybersecurity risks as part of, and has incorporated its cybersecurity program into, the Partnership's overall risk management processes. Through engagement with the guidance of the Federal Bureau of Investigation (FBI), Cybersecurity and Infrastructure Security Agency (CISA), Transportation Security Administration (TSA) and the U.S. Coast Guard (USCG), we seek to follow industry cybersecurity standards and protect our infrastructure against cyberattacks from domestic and international threats.

We seek to use a defense-in-depth approach for cybersecurity management, layers of technology, policies, and training at all levels of the enterprise designed to keep the Partnership's assets secure and operational. We use various processes as part of our efforts to maintain the confidentiality, integrity, and availability of our systems, including security threat intelligence, incident response, identity and access management, supply-chain security assessments, endpoint extended detection and response protection, network segmentation, data encryption, event monitoring, and a Security Operations Center (SOC). In an effort to validate the effectiveness of our cybersecurity program and assess such program's compliance with legal and regulatory requirements, we engage third-party service providers to perform audits, assessments, and penetration tests.

Cybersecurity awareness among our employees is promoted with regular training and awareness programs. All employees who have access to our systems are required to undergo annual cybersecurity training and, each year, our employees must review and acknowledge our cybersecurity policies. Further, our IT team is trained to understand how to manage, use and protect personally identifiable information. User access controls have been implemented to limit unauthorized access to sensitive information and critical systems. Employees are required to use multifactor authentication and keep their passwords confidential, among other measures.

We recognize that third-party service providers may introduce cybersecurity risks. In an effort to mitigate these risks, before contracting with certain technology services providers, when possible, we conduct due diligence to evaluate their cybersecurity capabilities. Additionally, we endeavor to include cybersecurity requirements in our contracts with these providers and endeavor to require them to adhere to security standards and protocols. Further, we also endeavor to engage with any third-party service providers with access to personally identifiable employee information to evaluate their security controls.

Finally, the Partnership maintains cybersecurity insurance coverage.

Impact of Risks from Cybersecurity Threats

The energy industry's increasing dependence on IT and operational technology to support critical functions, such as energy distribution and management activities, has heightened its vulnerability to cybersecurity incidents. Consequently, the global surge in cybersecurity incidents, whether caused by intentional attacks or accidental events, presents a significant challenge to our sector. As cybersecurity threats grow in complexity and scale, preventing, detecting, mitigating and remediating these incidents remains a continuous and increasingly demanding task for the industry. Compliance with evolving cybersecurity reporting requirements, such as those mandated by FERC, presents significant challenges. These regulations necessitate timely and detailed reporting of cyber incidents, demanding substantial resources and robust internal processes to ensure adherence. Failure to comply could result in legal penalties, increased regulatory scrutiny and reputational damage. Moreover, the dynamic nature of these requirements may lead to overlapping or inconsistent obligations, further complicating compliance efforts. Monitoring these developments and integrating them into our cybersecurity and compliance frameworks is essential to mitigate potential risks.

As of the date of this Annual Report on Form 10-K, though the Partnership and our service providers have experienced certain cybersecurity incidents, we are not aware of any cybersecurity threats that have materially affected, or are reasonably likely to materially affect, the Partnership, either financially or operationally. Cybersecurity incident response is a component of both the Partnership's cybersecurity program and the Partnership's business continuity plans, which are designed to limit service interruptions and provide for continued business operation in the event of disaster, whether physical, environmental or cyber in nature. However, we recognize that cybersecurity threats are continually evolving, and there remains a risk that a cybersecurity incident could potentially negatively impact the Partnership. Despite the implementation of our cybersecurity processes, we cannot guarantee that a significant cybersecurity attack will not occur. A successful attack on our information system or operational technology system could have significant consequences to the business, including the interruption of key services that our customers depend on. While we devote resources to our security measures to protect our systems and information, these measures cannot provide absolute security. Due to the number of acquisitions made by the Partnership over the past few years and the time it takes to implement technology standards across the enterprise, certain assets may be in different stages of integration and may have incomplete cybersecurity controls applied. For additional information on cybersecurity risks, see "Item 1A. Risk Factors - *Cybersecurity attacks, data breaches and other disruptions affecting us, or our service providers, could materially and adversely affect our business, operations, reputation, and financial results; and - We rely on our information systems to manage numerous aspects of our business, and a disruption of these systems could adversely affect our business.*"

Board of Directors' Oversight and Management's Role

Our Chief Information Officer oversees the Partnership's functions of IT, cybersecurity, infrastructure and IT governance (including the Partnership's IT team) and has more than 35 years of experience leading business technology functions. The Partnership's IT team is responsible for our efforts to comply with applicable cybersecurity standards, establish effective cybersecurity protocols and protect the integrity, confidentiality and availability of our IT infrastructure. The members of this team have over 50 years of combined experience in the field of IT, including 20 years dedicated to cybersecurity, and hold various certifications, including Global Industrial Cyber Security Professional (GICSP), Certified Information Systems Security Professional (CISSP) and Certified Ethical Hacker (CEH) certifications. This team is responsible for cybersecurity threat prevention, detection, mitigation, and remediation for the combined organization. Our cyber incident response plan requires IT team members who detect suspicious activity in our IT environment to escalate that activity to a supervisor who then evaluates the threat. If necessary, the suspicious activity is reported to the Chief Information Officer. Management (including representatives from the legal, human resources, IT and corporate security departments) is notified by the IT team whenever a discovered cybersecurity incident may potentially have a significant impact on our business operations.

The Partnership's Board of Directors has delegated the responsibility for the oversight of cybersecurity risks to the Audit Committee, which is ultimately responsible for assessing and managing the Partnership's material risks from cybersecurity threats. The IT team provides periodic cybersecurity program updates to senior management and to the Audit Committee. Management also updates the Audit Committee as new risks are identified and regarding the steps taken to mitigate such risks. The Audit Committee reviews periodic reporting and updates regarding our cybersecurity risk management.

Item 2. Properties

A description of our properties is included in "Item 1. Business." In addition, we own and lease warehouses and offices in Pennsylvania, Texas, Hawaii and Puerto Rico. While we may require additional warehouse and office space as our business expands, we believe that our existing facilities are adequate to meet our needs for the immediate future, and that additional facilities will be available on commercially reasonable terms as needed.

We believe that we have satisfactory title to or valid rights to use all of our material properties. Although some of our properties are subject to liabilities and leases, liens for taxes not yet due and payable, encumbrances securing payment obligations under non-competition agreements and immaterial encumbrances, easements and restrictions, we do not believe that any such burdens will materially interfere with our continued use of such properties in our business, taken as a whole. In addition, we believe that we have, or are in the process of obtaining, all required material approvals, authorizations, orders, licenses, permits, franchises and consents of, and have obtained or made all required material registrations, qualifications and filings with, the various state and local government and regulatory authorities which relate to ownership of our properties or the operations of our business.

Item 3. Legal Proceedings

Although we may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we do not believe that we are party to any litigation that will have a material adverse impact to our financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities

Our Partnership Interest

As of February 7, 2025, we had outstanding 136,235,878 common units, 16,410,780 Class C units representing limited partner interests in the Partnership (“Class C Units”), a non-economic general partner interest and IDRs. As of February 7, 2025, Energy Transfer directly owned approximately 20.9% of our outstanding common units. Our General Partner is 100% owned by Energy Transfer and owns a non-economic general partner interest in us. Energy Transfer also owns all of our IDRs. As discussed below, the IDRs represent the right to receive increasing percentages, up to a maximum of 50%, of the cash we distribute from operating surplus (as defined below) in excess of $0.503125 per unit per quarter. Our common units, which represent limited partner interests in us, are listed on the NYSE under the symbol “SUN.” Our common units have been traded on the NYSE since September 20, 2012.

Holders

At the close of business on February 7, 2025, we had 216 holders of record of our common units and two holders of record of our Class C Units. The number of record holders does not include holders of units in “street names” or persons, partnerships, associations, corporations or other entities identified in security position listings maintained by depositories.

Distributions of Available Cash

Our partnership agreement requires that within 60 days after the end of each quarter, we distribute our available cash to unitholders of record on the applicable record date.

Definition of Available Cash

Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of the quarter; *less*, the amount of cash reserves established by our General Partner at the date of determination of available cash for the quarter to:

- provide for the proper conduct of our business;
- comply with applicable law, any of our debt instruments or other agreements or any other obligation; or
- provide funds for distributions to our unitholders for any one or more of the next four quarters;

plus, if our General Partner so determines on the date of determination, all or any portion of the cash on hand immediately prior to the date of determination of available cash for the quarter, including cash on hand resulting from working capital borrowings made after the end of the quarter.

Minimum Quarterly Distributions

We intend to make a cash distribution to the holders of our common units and Class C Units on a quarterly basis to the extent we have sufficient cash from our operations after the establishment of cash reserves and the payment of costs and expenses, including payments to our General Partner and its affiliates. However, there is no guarantee that we will pay the minimum quarterly distribution, as described below, on our common units in any quarter. Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our General Partner, taking into consideration the terms of our partnership agreement.

Incentive Distribution Rights

The following table illustrates the percentage allocations of available cash from operating surplus, after the payment of distributions to the Class C unitholders, between our common unitholders and the holder of our IDRs based on the specified target distribution levels. The amounts set forth under “marginal percentage interest in distributions” are the percentage interests of the holder of our IDRs and the common unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column “total quarterly distribution per common unit target amount.” The percentage interests shown for our common unitholders and the holder of our IDRs for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. Energy Transfer currently owns all of our IDRs.

	Total quarterly distribution per common unit target amount	Marginal percentage interest in distributions	
		Common Unitholders	IDR Holder
Minimum Quarterly Distribution	$0.4375	100 %	—
First Target Distribution	Above $0.4375 up to $0.503125	100 %	—
Second Target Distribution	Above $0.503125 up to $0.546875	85 %	15 %
Third Target Distribution	Above $0.546875 up to $0.656250	75 %	25 %
Thereafter	Above $0.656250	50 %	50 %

Class C Units

We have outstanding an aggregate of 16,410,780 Class C Units, all of which are held by wholly owned subsidiaries of the Partnership.

Class C Units are entitled to receive quarterly distributions at a rate of $0.8682 per Class C Unit. The distributions on the Class C Units are paid out of our available cash, except that the Class C Units do not share in distributions of available cash to the extent such cash is derived from or attributable to any distribution received by us from Sunoco Retail LLC, our indirect wholly owned subsidiary that is subject to state and federal income tax ("Sunoco Retail"), the proceeds of any sale of the membership interests in Sunoco Retail, or any interest or principal payments we receive with respect to indebtedness of Sunoco Retail or its subsidiaries. The Class C Units are entitled to receive distributions of available cash (other than available cash attributable to Sunoco Retail) prior to distributions of such cash being made on our common units. Any unpaid distributions on the Class C Units will accrue interest at a rate of 1.5% per annum until paid in full in cash. The Class C Units are perpetual, do not have any rights of redemption or conversion, do not have the right to vote on any matter except as otherwise required by any non-waivable provision of law, and are not traded on any public securities market.

Equity Compensation Plan

For disclosures regarding securities authorized for issuance under equity compensation plans, see "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters."

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Tabular dollar and unit amounts, except per unit data, are in millions)

The following discussion and analysis of our financial condition and results of operations for the years ended December 31, 2024 and 2023 should be read in conjunction with our audited consolidated financial statements and notes to audited consolidated financial statements included elsewhere in this report.

Discussion and analysis of matters pertaining to the year ended December 31, 2022 and year-to-year comparisons between the years ended December 31, 2023 and 2022 are not included in this Form 10-K, but can be found under Part II, Item 7 of our annual report on Form 10-K for the year ended December 31, 2023 that was filed with the SEC on February 16, 2024 and in Exhibit 99.1 to the Partnership's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 24, 2024.

Adjusted EBITDA is a non-GAAP financial measure of performance that has limitations and should not be considered as a substitute for net income or cash provided by operating activities. Please see "Key Measures Used to Evaluate and Assess Our Business" below for a discussion of our use of Adjusted EBITDA in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a reconciliation to net income for the periods presented.

Overview

As used in this Management's Discussion and Analysis of Financial Condition and Results of Operations, the terms "Partnership," "SUN," "we," "us" or "our" should be understood to refer to Sunoco LP and our consolidated subsidiaries, unless the context clearly indicates otherwise.

We are primarily engaged in energy infrastructure and distribution of motor fuels in over 40 U.S. states, Puerto Rico, Europe and Mexico. Our midstream operations include an extensive network of over 14,000 miles of pipeline and over 100 terminals. Our fuel distribution operations serve approximately 7,400 Sunoco and partner branded locations and additional independent dealers and commercial customers.

Acquisitions

NuStar Acquisition

On May 3, 2024, we completed the acquisition of 100% of the common units of NuStar Energy L.P. (“NuStar”). Under the terms of the agreement, NuStar common unitholders received 0.400 SUN common units for each NuStar common unit. In connection with the acquisition, we issued approximately 51.5 million common units, which had a fair value of approximately $2.85 billion, assumed debt totaling approximately $3.5 billion, including approximately $56 million of lease related financing obligations, and assumed preferred units with a fair value of approximately $800 million. Subsequent to the closing of the NuStar acquisition, the Partnership redeemed all outstanding NuStar preferred units totaling $784 million, redeemed NuStar's subordinated notes totaling $403 million and repaid and terminated the NuStar credit facility totaling $455 million. NuStar has approximately 9,500 miles of pipeline and 63 terminal and storage facilities that store and distribute crude oil, refined products, renewable fuels, ammonia and specialty liquids. The acquisition is expected to diversify the Partnership’s business, increase scale and provide vertical integration, as well as improving the Partnership’s credit profile and enhancing growth.

Zenith European Terminals Acquisition

On March 13, 2024, we completed the acquisition of liquid fuels terminals in Amsterdam, Netherlands and Bantry Bay, Ireland from Zenith Energy for €170 million ($185 million), including working capital. The acquisition is expected to supply optimization for the Partnership’s existing East Coast business and continues its focus on growing its portfolio of stable midstream income.

Other Acquisition

On August 30, 2024, we acquired a terminal in Portland, Maine for approximately $24 million, including working capital.

Divestiture

West Texas Sale

On April 16, 2024, we completed the sale of 204 convenience stores located in West Texas, New Mexico and Oklahoma to 7-Eleven, Inc. for approximately $1.0 billion, including customary adjustments for fuel and merchandise inventory. As part of the sale, SUN also amended its existing take-or-pay fuel supply agreement with 7-Eleven, Inc. to incorporate additional fuel gross profit.

Other Transactions

ET-S Permian

Effective July 1, 2024, SUN and Energy Transfer formed ET-S Permian, a joint venture combining their respective crude oil and produced water gathering assets in the Permian Basin. SUN contributed all of its Permian crude oil gathering assets and operations to ET-S Permian. Energy Transfer contributed its Permian crude oil and produced water gathering assets and operations to ET-S Permian. Energy Transfer’s long-haul crude pipeline network that provides transportation of crude oil out of the Permian Basin to Nederland, Houston, and Cushing is excluded from ET-S Permian.

ET-S Permian operates more than 5,000 miles of crude oil and water gathering pipelines with crude oil storage capacity in excess of 11 million barrels.

SUN holds a 32.5% interest, with Energy Transfer holding the remaining 67.5% interest in ET-S Permian. Energy Transfer serves as the operator of ET-S Permian.

The formation of the joint venture was effective on July 1, 2024. Upon formation, the SUN Permian entities were deconsolidated, and the net book value of the related assets was recorded as the initial carrying value of SUN's equity method investment in the joint venture.

Market and Industry Trends and Outlook

We expect that certain trends and economic or industry-wide factors will continue to affect our business, both in the short-term and long-term. Inflation has a minimal impact on our results of operations, because we are generally able to pass along energy cost increases in the form of increased sales prices to our customers. We have recently completed and recently announced multiple strategic transactions, which we expect will continue to diversify the Partnership’s business, add scale and expand cash for reinvestment and distribution growth. We base our expectations on information currently available to us and assumptions made by us. To the extent our underlying assumptions about or interpretation of available information prove to be incorrect, our actual results may vary materially from our expected results. Read “Item 1A. Risk Factors” included herein for additional information about the risks associated with purchasing our common units.

Seasonality

Our business exhibits some seasonality due to our customers’ increased demand for motor fuel during the late spring and summer months, as compared to the fall and winter months. Travel, recreation, and construction activities typically increase in these months, driving up the demand for motor fuel sales. Our gallons sold are typically somewhat higher in the second and third quarters of our fiscal years due to this seasonality. Results of operations may therefore vary from period to period.

Key Measures Used to Evaluate and Assess Our Business

Adjusted EBITDA, as used throughout this document, is defined as earnings before net interest expense, income taxes, depreciation, amortization and accretion expense, allocated non-cash unit-based compensation expense, unrealized gains and losses on commodity derivatives, inventory adjustments and certain other operating expenses reflected in net income that we do not believe are indicative of ongoing core operations, such as gain or loss on disposal of assets and non-cash impairment charges. Inventory adjustments that are excluded from the calculation of Adjusted EBITDA represent changes in lower of cost or market reserves on the Partnership's inventory. These amounts are unrealized valuation adjustments applied to fuel volumes remaining in inventory at the end of the period.

Adjusted EBITDA is a non-GAAP financial measure. For a reconciliation of Adjusted EBITDA to the most directly comparable financial measure calculated and presented in accordance with GAAP, read “Results of Operations” below.

We believe Adjusted EBITDA is useful to investors in evaluating our operating performance because:

- Adjusted EBITDA is used as a performance measure under our Credit Facility;
- securities analysts and other interested parties use Adjusted EBITDA as a measure of financial performance; and
- our management uses Adjusted EBITDA for internal planning purposes, including aspects of our consolidated operating budget and capital expenditures.

Adjusted EBITDA is not a recognized term under GAAP and does not purport to be an alternative to net income as a measure of operating performance. Adjusted EBITDA has limitations as an analytical tool, and one should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations include:

- it does not reflect interest expense or the cash requirements necessary to service interest or principal payments on our Credit Facility or senior notes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements; and
- as not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

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 affiliates as those excluded from the calculation of Adjusted EBITDA, such as interest, taxes, depreciation, amortization and accretion 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 affiliate. 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.

Results of Operations

Year Ended December 31, 2024 Compared to the Year Ended December 31, 2023

Consolidated Results of Operations

	Year Ended December 31,		
	2024	2023	Change
Segment Adjusted EBITDA:			
Fuel Distribution	$ 908	$ 865	$ 43
Pipeline Systems	377	11	366
Terminals	172	88	84
Total	$ 1,457	$ 964	$ 493

	Year Ended December 31, 2024	Year Ended December 31, 2023	Change
Reconciliation of net income to Adjusted EBITDA:			
Net income	$ 874	$ 394	$ 480
Depreciation, amortization and accretion	368	187	181
Interest expense, net	391	217	174
Non-cash unit-based compensation expense	17	17	—
(Gain) loss on disposal of assets and impairment charges	45	(7)	52
Loss on extinguishment of debt	2	—	2
Unrealized (gains) losses on commodity derivatives	12	(21)	33
Inventory valuation adjustments	86	114	(28)
Equity in earnings of unconsolidated affiliates	(60)	(5)	(55)
Adjusted EBITDA related to unconsolidated affiliates	101	10	91
Gain on West Texas Sale	(586)	—	(586)
Other non-cash adjustments	32	22	10
Income tax expense	175	36	139
Adjusted EBITDA (consolidated)	$ 1,457	$ 964	$ 493

The following discussion of results compares the operations for the years ended December 31, 2024 and 2023.

Net Income. For the year ended December 31, 2024 compared to the prior year, net income increased primarily due to a $586 million gain on the West Texas Sale in April 2024, as discussed below. In addition, the increase in net income reflected favorable results from our operations, as reflected in the increases in Segment Adjusted EBITDA. These increases were partially offset by unfavorable inventory valuation adjustments, unrealized losses on commodity derivatives, increases in depreciation, amortization and accretion, and losses on disposal of asset and impairment charges. The increases in net income were also offset by increases in interest expense and income tax expense. These changes are discussed in more detail below.

Adjusted EBITDA. For the year ended December 31, 2024 compared to the prior year, Adjusted EBITDA increased primarily due to an increase in segment profit of $705 million, excluding inventory valuation adjustments (see below for explanation of inventory adjustments), primarily related to the acquisitions of NuStar and Zenith European terminals, partially offset by increases in operating costs (including operating expenses, general and administrative expenses and lease expense) of $344 million, primarily related to the acquisitions of NuStar and Zenith European terminals.

Additional discussion on the changes impacting net income and Adjusted EBITDA for the year ended December 31, 2024 compared to the prior year is available below and in "Segment Operating Results."

Depreciation, Amortization and Accretion. Depreciation, amortization and accretion was $368 million in 2024, an increase of $181 million from 2023. This increase was primarily due to additional depreciation and amortization from assets recently placed in service and from recent acquisitions, as well as changes in certain estimates.

Interest Expense. Interest expense was $391 million in 2024, an increase of $174 million from 2023. This increase was primarily attributable to an increase in average total long-term debt, including debt assumed in the NuStar acquisition.

(Gain) Loss on Disposal of Assets and Impairment Charges. For the year ended December 31, 2024, loss on disposal of assets and impairment charges primarily related to the termination of a lease in June 2024.

Unrealized (Gains) Losses on Commodity Derivatives. The unrealized gains and losses on our commodity derivatives represent the changes in fair value of our commodity derivatives. The change in unrealized gains and losses between periods was impacted by the notional amounts and commodity price changes on our commodity derivatives. Additional information on commodity derivatives is included in "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" below.

Inventory Valuation Adjustments. Inventory valuation adjustments represent changes in lower of cost or market reserves using the last-in, first-out method ("LIFO") on the Partnership's inventory. These amounts are unrealized valuation adjustments applied to fuel volumes remaining in inventory at the end of the period. For the years ended December 31, 2024 and 2023, the Partnership's cost of sales included unfavorable inventory adjustments of $86 million and $114 million, respectively, which decreased net income for the respective periods.

Equity in Earnings of Unconsolidated Affiliates and Adjusted EBITDA Related to Unconsolidated Affiliates. For the year ended December 31, 2024, the increase in the amounts reported related to unconsolidated affiliates was primarily due to the formation of ET-S Permian effective July 1, 2024.

Gain on West Texas Sale. The gain on West Texas Sale related to the gain recognized by SUN upon completion of the sale of convenience stores to 7-Eleven Inc. in April 2024. During the fourth quarter of 2024, the Partnership recorded a $12 million reduction to the gain to reflect adjustments to the cash proceeds and certain balance sheet accounts associated with the business sold.

Income Tax Expense. Income tax expense was $175 million in 2024, an increase of $139 million from 2023. The increase was primarily due to the taxable gain recognized by a corporate subsidiary on the sale of convenience stores in April 2024.

Segment Operating Results

We evaluate segment performance based on Segment Adjusted EBITDA, which we believe is an important performance measure of the core profitability of our operations. This measure represents the basis of our internal financial reporting and is one of the performance measures used by senior management in deciding how to allocate capital resources among business segments.

The following tables identify the components of Segment Adjusted EBITDA, which is calculated as follows:

- *Segment profit, operating expenses* and *selling, general and administrative expenses*. These amounts represent the amounts included in our consolidated financial statements that are attributable to each segment.
- *Adjusted EBITDA related to 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 Segment Adjusted EBITDA, such as interest, taxes, depreciation, amortization and accretion 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 following analysis of segment operating results includes a measure of segment profit. Segment profit 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 profit is similar to the GAAP measure of gross profit, except that segment profit excludes charges for depreciation, amortization and accretion. The most directly comparable measure to segment profit is gross profit. The following table presents a reconciliation of segment profit to gross profit.

	Year Ended December 31,		
	2024	2023	Change
Fuel Distribution segment profit	$ 1,187	$ 1,225	$ (38)
Pipeline Systems segment profit	535	3	532
Terminals segment profit	376	137	239
Total segment profit	2,098	1,365	733
Depreciation, amortization and accretion, excluding corporate and other	364	186	178
Gross profit	$ 1,734	$ 1,179	$ 555

In addition, the following sections include information on the components of segment profit by sales type (for the fuel distribution segment), which components are included in order to provide additional disaggregated information to facilitate the analysis of segment profit and Segment Adjusted EBITDA. These components of segment profit are calculated consistent with the calculation of segment profit; therefore, these components also exclude charges for depreciation, amortization and accretion.

Fuel Distribution

	Year Ended December 31,		
	2024	2023	Change
Motor fuel gallons sold (millions)	8,578	8,317	261
Motor fuel profit cents per gallon	11.6 ¢	12.5 ¢	(0.9)¢
Fuel profit	$ 909	$ 926	$ (17)
Non-fuel profit	153	148	5
Lease profit	125	151	(26)
Fuel Distribution segment profit	$ 1,187	$ 1,225	$ (38)
Expenses	$ 427	$ 480	$ (53)
Segment Adjusted EBITDA	$ 908	$ 865	$ 43

Volumes. For the year ended December 31, 2024 compared to the prior year, volumes increased primarily due to growth from investments and profit optimization strategies.

Segment Adjusted EBITDA. For the year ended December 31, 2024 compared to the prior year, Segment Adjusted EBITDA related to our Fuel Distribution segment increased due to the net impact of the following:

- an increase of $31 million related to a 3% increase in gallons sold, partially offset by a decrease in profit per gallon primarily due to the West Texas Sale in April 2024; and
- a decrease of $53 million in expenses primarily due to the West Texas Sale and lower allocated overhead; partially offset by
- a decrease of $26 million in lease profit due to the West Texas Sale.

Pipeline Systems

	Year Ended December 31,		
	2024	2023	Change
Pipelines throughput (thousand barrels per day)	1,000	—	1,000
Pipeline Systems segment profit	$ 535	$ 3	$ 532
Expenses	$ 260	$ 2	$ 258
Segment Adjusted EBITDA	$ 377	$ 11	$ 366

Volumes. For the year ended December 31, 2024 compared to the prior year, volumes increased due to recently acquired assets.

Segment Adjusted EBITDA. For the year ended December 31, 2024 compared to the prior year, Segment Adjusted EBITDA related to our Pipeline Systems segment increased due to the acquisition of NuStar on May 3, 2024.

Terminals

	Year Ended December 31,		
	2024	2023	Change
Throughput (thousand barrels per day)	584	399	185
Terminals segment profit	$ 376	$ 137	$ 239
Expenses	$ 207	$ 68	$ 139
Segment Adjusted EBITDA	$ 172	$ 88	$ 84

Volumes. For the year ended December 31, 2024 compared to the prior year, volumes increased due to recently acquired assets.

Segment Adjusted EBITDA. For the year ended December 31, 2024 compared to the prior year, Segment Adjusted EBITDA related to our Terminals segment increased primarily due to the recent acquisitions of NuStar, Zenith European terminals and Zenith Energy terminals located across the East Coast and Midwest.

Liquidity and Capital Resources

Liquidity

Our principal liquidity requirements are to finance current operations, to fund capital expenditures, including acquisitions from time to time, to service our debt and to make distributions. We expect our ongoing sources of liquidity to include cash generated from operations, borrowings under our Credit Facility and the issuance of additional long-term debt or partnership units as appropriate given market conditions. We expect that these sources of funds will be adequate to provide for our short-term and long-term liquidity needs.

Our ability to meet our debt service obligations and other capital requirements, including capital expenditures and acquisitions, will depend on our future operating performance which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. As a normal part of our business, depending on market conditions, we will from time to time consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause us to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and additional covenants and operating restrictions. In addition, any of the items discussed in detail under “Item 1A. Risk Factors” included in this Annual Report on Form 10-K may also significantly impact our liquidity.

The Partnership is party to a Third Amended and Restated Credit Agreement among the Partnership, as borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, collateral agent, swingline lender and a line of credit issuer (the "Credit Facility"). As of December 31, 2024, we had $94 million of cash and cash equivalents on hand and borrowing capacity of $1.25 billion under the Credit Facility. Based on our current estimates, we expect to utilize capacity under the Credit Facility, along with cash from operations, to fund our announced growth capital expenditures and working capital needs; however, we may issue debt or equity securities prior to that time as we deem prudent to provide liquidity for new capital projects or other partnership purposes.

Cash Flows

Our cash flows may change in the future due to a number of factors, some of which we cannot control. These factors include regulatory changes, the price of products and services, the demand for such products and services, margin requirements resulting from significant changes in commodity prices, operational risks, the successful integration of our acquisitions and other factors.

	Year Ended December 31,	
	2024	2023
Net cash provided by (used in)		
Operating activities	$ 549	$ 600
Investing activities	477	(288)
Financing activities	(961)	(365)
Net increase (decrease) in cash and cash equivalents	$ 65	$ (53)

Operating Activities

Changes in cash flows from operating activities between periods primarily result from changes in earnings, excluding the impacts of non-cash items and changes in operating assets and liabilities (net of effects of acquisitions and divestitures). Non-cash items include recurring non-cash expenses, such as depreciation, amortization and accretion expense and non-cash unit-based compensation expense. Cash flows from operating activities also differ from earnings as a result of non-cash charges that may not be recurring, such as impairment charges. Our daily working capital requirements fluctuate within each month, primarily in response to the timing of payments for motor fuels, motor fuels tax and rent.

Net cash provided by operations was $549 million and $600 million for 2024 and 2023, respectively. The increase in cash flows provided by operations was primarily due to a $28 million net increase in net income (excluding the impacts of the gain on West Texas Sale in 2024, as well as depreciation, amortization and accretion, inventory valuation adjustments and other non-cash items) compared to the prior year; partially offset by a decrease in net cash flow from operating assets and liabilities of $79 million compared to the prior year.

Investing Activities

Cash flows from investing activities primarily consist of capital expenditures, cash contributions to unconsolidated affiliates, cash amounts paid for acquisitions and cash proceeds from sale or disposal of assets. Changes in capital expenditures between periods primarily result from increases or decreases in our growth capital expenditures to fund our expansion projects.

Net cash provided by investing activities was $477 million in 2024 and net cash used in investing activities was $288 million in 2023. Capital expenditures were $344 million and $215 million in 2024 and 2023, respectively. Net cash used in investing activities included $224 million and $111 million of cash paid for acquisitions of terminals and other assets in 2024 and 2023, respectively. In 2024, we received $27 million in cash from the NuStar acquisition and we received $987 million in cash proceeds from the West Texas Sale.

Distributions from unconsolidated affiliates in excess of cumulative earnings were $8 million in 2024 and $9 million in 2023. Proceeds from disposal of property and equipment were $23 million and $31 million in 2024 and 2023, respectively.

Financing Activities

Changes in cash flows from financing activities between periods primarily result from changes in the levels of borrowings and equity issuances, which are primarily used to fund our acquisitions and growth capital expenditures. Distributions increase between the periods based on increases in the number of common units outstanding or increases in the distribution rate.

Net cash used in financing activities was $961 million and $365 million for 2024 and 2023, respectively.

During the year ended December 31, 2024 we:

- borrowed $1.50 billion and repaid $421 million in senior notes;
- borrowed $2.79 billion and repaid $3.45 billion under the Credit Facility to fund daily operations;
- paid $19 million in loan origination costs;
- redeemed $784 million of preferred units;
- paid $566 million in distributions to our unitholders, of which $226 million was paid to Energy Transfer; and
- paid $8 million in distributions to noncontrolling interests.

During the year ended December 31, 2023 we:

- borrowed $500 million in senior notes;
- borrowed $3.3 billion and repaid $3.8 billion under the Credit Facility to fund daily operations;
- paid $5 million in loan origination costs; and
- paid $371 million in distributions to our unitholders, of which $171 million was paid to Energy Transfer.

We intend to pay cash distributions to the holders of our common units and Class C Units on a quarterly basis, to the extent we have sufficient cash from our operations after establishment of cash reserves and payment of fees and expenses, including payments to our General Partner and its affiliates. Class C unitholders receive distributions at a fixed rate equal to $0.8682 per quarter for each Class C Unit outstanding. There is no guarantee that we will pay a distribution on our units. On January 27, 2025, we declared a quarterly distribution of $0.8865 per common unit based on the results for the three months ended December 31, 2024, excluding distributions to Class C unitholders. The distribution will be approximately $121 million in the aggregate for common units and approximately $37 million with respect to IDRs, and will be paid on February 19, 2025 to unitholders of record on February 7, 2025.

Capital Expenditures

For the year ended December 31, 2024, total capital expenditures were $344 million, which included $220 million for growth capital and $124 million for maintenance capital.

We currently expect to spend approximately $150 million in maintenance capital and at least $400 million in growth capital for the full year 2025.

Description of Indebtedness

Our outstanding consolidated indebtedness was as follows:

	December 31, 2024	December 31, 2023
Credit Facility	$ 203	$ 411
5.750% senior notes due 2025 [(1) (2)]	600	—
6.000% senior notes due 2026 [(1)]	500	—
6.000% senior notes due 2027	600	600
5.625% senior notes due 2027 [(1)]	550	—
5.875% senior notes due 2028	400	400
7.000% senior notes due 2028	500	500
4.500% senior notes due 2029	800	800
7.000% senior notes due 2029	750	—
4.500% senior notes due 2030	800	800
6.375% senior notes due 2030 [(1)]	600	—
7.250% senior notes due 2032	750	—
GoZone Bonds [(1) (2)]	322	—
Lease-related financing obligations	132	94
Net unamortized premiums, discounts, and fair value adjustments	16	—
Deferred debt issuance costs	(37)	(25)
Total debt	7,486	3,580
Less: current maturities	2	—
Total long-term debt, net	$ 7,484	$ 3,580

(1) These senior notes and bonds, totaling $2.57 billion aggregate principal amount, were assumed by the Partnership in connection with the closing of the NuStar acquisition in May 2024.

(2) As of December 31, 2024, $600 million of senior notes and $75 million of GoZone Bonds due on or before December 31, 2025 were classified as long-term as management has the intent and ability to refinance the borrowings on a long-term basis.

Credit Facility

As of December 31, 2024, the balance on the Credit Facility was $203 million, and $43 million in standby letters of credit were outstanding. The unused availability on the Credit Facility at December 31, 2024 was $1.25 billion. The weighted average interest rate on the total amount outstanding at December 31, 2024 was 6.57%. The Partnership was in compliance with all financial covenants at December 31, 2024.

Recent Financing Transaction

On April 30, 2024, the Partnership issued $750 million of 7.000% senior notes due 2029 and $750 million of 7.250% senior notes due 2032 in a private offering. The Partnership used the net proceeds from the offering to: (i) repay certain outstanding indebtedness of NuStar in connection with the merger between the Partnership and NuStar, (ii) fund the redemption of NuStar's preferred units in connection with the merger and (iii) pay offering fees and expenses.

NuStar Acquisition

During the second quarter of 2024, subsequent to the closing of the NuStar acquisition, the Partnership redeemed NuStar's subordinated notes totaling $403 million and repaid and terminated NuStar's credit facility totaling $455 million. Upon the closing of the NuStar acquisition, the commitments under NuStar's receivables financing agreement were reduced to zero during a suspension period, for which the period end has not been determined. As of December 31, 2024, this facility had no outstanding borrowings.

Guarantor Summarized Financial Information

The senior notes issued by NuStar Logistics, L.P., a wholly owned subsidiary acquired in the NuStar acquisition ("NuStar Logistics") are fully and unconditionally guaranteed by the Partnership, Sunoco Finance Corp. and certain of its subsidiaries; the senior notes issued by the Partnership and Sunoco Finance Corp. are fully and unconditionally guaranteed by NuStar Logistics and certain other subsidiaries. Each guarantee of the senior notes (i) ranks equally in right of payment with all other existing and future unsecured senior indebtedness of that guarantor, (ii) is structurally subordinated to all existing and any future indebtedness and obligations of any subsidiaries of that guarantor that do not guarantee the notes and (iii) ranks senior to its guarantee of our subordinated indebtedness. See Note 9 to our consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data" for a discussion of certain of our debt obligations.

The following tables present summarized combined balance sheet and income statement information for the Partnership, Sunoco Finance Corp. and NuStar Logistics, L.P. (the "Issuers"), as well as the subsidiaries that guarantee the senior notes issued by those three entities (collectively with the Issuers, the "Guarantor Issuer Group"). Intercompany items among the Guarantor Issuer Group have been eliminated in the summarized combined financial information below, as well as intercompany balances and activity for the Guarantor Issuer Group with non-guarantor subsidiaries, including the Guarantor Issuer Group's investment balances in non-guarantor subsidiaries. Income statement information included below in the table and related disclosure includes the NuStar subsidiaries for May 3, 2024 (the acquisition date) through December 31, 2024 only.

In connection with the formation of ET-S Permian, certain guarantor subsidiaries were contributed to the joint venture and deconsolidated by the Partnership effective July 1, 2024. Those contributed subsidiaries were released from their guarantees concurrent with the formation of the joint venture. Accordingly, those former guarantor subsidiaries are excluded from the summarized combined balance sheet information presented below, and the summarized combined income statement information below only includes the results of those former guarantor subsidiaries for the period from the NuStar acquisition date of May 3, 2024 through June 30, 2024.

Summarized Combined Balance Sheet Information for the Guarantor Issuer Group:	**December 31, 2024**
Current assets	$ 2,225
Non-current assets	11,119
Current liabilities [(a)]	1,903
Non-current liabilities, including long-term debt	8,244

(a) Excludes $73 million of net intercompany payable owed to the non-guarantor subsidiaries from the Guarantor Issuer Group.

Long-term assets for the non-guarantor subsidiaries totaled $792 million as of December 31, 2024.

Summarized Combined Income Statement Information for the Guarantor Issuer Group:	**Year Ended December 31, 2024**
Revenues	$ 21,912
Operating income	667
Net income	757

Revenues and net income for the non-guarantor subsidiaries totaled $781 million and $117 million, respectively, for the year ended December 31, 2024

Contractual Obligations

We periodically enter into derivatives, such as futures and options, to manage our fuel price risk on inventory in the distribution system. Fuel hedging positions are not significant to our operations. On a consolidated basis, the Partnership had a position of 0.3 million barrels with an aggregated unrealized loss of $3.8 million at December 31, 2024.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements for the purpose of credit enhancement, hedging transactions or other financial or investment purposes.

Critical Accounting Estimates

We prepare our consolidated financial statements in conformity with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting policies are those we believe are both most important to the portrayal of our financial condition and results of operations, and require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions.

We believe the following policies will be the most critical in understanding the judgments that are involved in preparation of our consolidated financial statements.

Fair Value Estimates in Business Combination Accounting and Impairment of Long-Lived Assets, Goodwill, Intangible Assets and Investments in Unconsolidated Affiliates. Business combination accounting and quantitative impairment testing are required from time to time due to the occurrence of events, changes in circumstances, or annual testing requirements. For business combinations, assets and liabilities are required to be recorded at estimated fair value in connection with the initial recognition of the transaction. For impairment testing, long-lived assets are required to be tested for recoverability whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Goodwill and intangibles with indefinite lives must be tested for impairment annually or more frequently if events or changes in circumstances indicate that the related asset might be impaired. An impairment of an investment in an unconsolidated affiliate is recognized when circumstances indicate that a decline in the investment value is other-than-temporary. An impairment loss should be recognized only if the carrying amount of the asset/goodwill is not recoverable and exceeds its fair value. Calculating the fair value of assets or reporting units in connection with business combination accounting or impairment testing requires management to make several estimates, assumptions and judgements, and in some circumstances management may also utilize third-party specialists to assist and advise on those calculations.

In order to allocate the purchase price in a business combination or to test for recoverability when performing a quantitative impairment test, we must make estimates of projected cash flows related to the asset, which include, but are not limited to, assumptions about the use or disposition of the asset, estimated remaining life of the asset, and future expenditures necessary to maintain the asset's existing service potential. In order to determine fair value, we make certain estimates and assumptions, including, among other things, changes in general economic conditions in regions in which our markets are located, the availability and prices of commodities, our ability to negotiate favorable sales agreements, the risks that exploration and production activities will not occur or be successful, our dependence on certain significant customers and producers, and competition from other companies, including major energy producers. While we believe we have made reasonable assumptions to calculate the fair value, if future results are not consistent with our estimates, we could be exposed to future impairment losses that could be material to our results of operations.

The Partnership determines the fair value of our reporting units using the discounted cash flow method, the guideline company method, or a weighted combination of these methods. Determining the fair value of a reporting unit requires judgment and the use of significant estimates and assumptions. Such estimates and assumptions include revenue growth rates, operating margins, weighted average costs of capital and future market conditions, among others. The Partnership believes the estimates and assumptions used in our impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated. Under the discounted cash flow method, the Partnership determines fair value based on estimated future cash flows of each reporting unit including estimates for capital expenditures, discounted to present value using the risk-adjusted industry rate, which reflect the overall level of inherent risk of the reporting unit. Cash flow projections are derived from one year budgeted amounts plus an estimate of later period cash flows, all of which are determined by management. Subsequent period cash flows are developed for each reporting unit using growth rates that management believes are reasonably likely to occur. Under the guideline company method, the Partnership determines the estimated fair value of each of our reporting units by applying valuation multiples of comparable publicly-traded companies to each reporting unit's projected EBITDA and then averaging that estimate with similar historical calculations using a three year average. In addition, the Partnership estimates a reasonable control premium representing the incremental value that accrues to the majority owner from the opportunity to dictate the strategic and operational actions of the business.

One key assumption in these fair value calculations is management's estimate of future cash flows and EBITDA. In accounting for a business combination, these estimates are generally based on the forecasts that were used to analyze the deal economics. For impairment testing, these estimates are based on the annual budget for the upcoming year and forecasted amounts for multiple subsequent years. The annual budget process is typically completed near the annual goodwill impairment testing date, and management uses the most recent information for the annual impairment tests. The forecast is also subjected to a comprehensive update annually in conjunction with the annual budget process and is revised periodically to reflect new information and/or revised expectations. The estimates of future cash flows and EBITDA are subjective in nature and are subject to impacts from the business risks described in "Item 1A. Risk Factors." Therefore, the actual results could differ significantly from the amounts used for business combination accounting and impairment testing, and significant changes in fair value estimates could occur in a given period. Such changes in fair value estimates could result in changes to the fair value estimates used in business combination accounting, which could significantly impact results of operations in a period subsequent to the business combination, depending on multiple factors, including the timing of such changes. In the case of impairment testing, such changes could result in additional impairments in future periods; therefore, the actual results could differ significantly from the amounts used for goodwill impairment testing, and significant changes in fair value estimates could occur in a given period, resulting in additional impairments.

In addition, we may change our method of impairment testing, including changing the weight assigned to different valuation models. Such changes could be driven by various factors, including the level of precision or availability of data for our assumptions. Any changes in the method of testing could also result in an impairment or impact the magnitude of an impairment.

Management does not believe that any of the Partnership's goodwill balances, long-lived assets or investments in unconsolidated affiliates is currently at significant risk of a material impairment.

Income Taxes. As a limited partnership, we are generally not subject to state and federal income tax and would therefore not recognize deferred income tax liabilities and assets for the expected future income tax consequences of temporary differences between financial statement carrying amounts and the related income tax basis. We are, however, subject to a statutory requirement that our non-qualifying income cannot exceed 10% of our total gross income, determined on a calendar year basis under the applicable income tax provisions. If the amount of our non-qualifying income exceeds this statutory limit, we would be taxed as a corporation. Accordingly, certain activities that generate non-qualifying income are conducted through our wholly owned taxable corporate subsidiaries for which we have recognized deferred income tax liabilities and assets. These balances, as well as any income tax expense, are determined through management's estimations, interpretation of tax laws of multiple jurisdictions and tax planning strategies. If our actual results differ from estimated results due to changes in tax laws, our effective tax rate and tax balances could be affected. As such, these estimates may require adjustments in the future as additional facts become known or as circumstances change.

The benefit of an uncertain tax position can only be recognized in the consolidated financial statements if management concludes that it is more likely than not that the position will be sustained with the tax authorities. For a position that is likely to be sustained, the benefit recognized in the consolidated financial statements is measured at the largest amount that is greater than 50% likely of being realized. In determining the future tax consequences of events that have been recognized in our consolidated financial statements or tax returns, judgment is required. Differences between the anticipated and actual outcomes of these future tax consequences could have a material impact on our consolidated results of operations or financial position.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates based on our financing, investing and cash management activities. We had outstanding variable interest rate borrowings on the Credit Facility of $203 million as of December 31, 2024. A hypothetical change of 100 basis points would result in a maximum potential change to interest expense of $2 million annually. Our primary exposure relates to:

- interest rate risk on short-term borrowings; and
- the impact of interest rate movements on our ability to obtain adequate financing to fund future acquisitions.

While we cannot predict or manage our ability to refinance existing debt or the impact interest rate movements will have on our existing debt, management evaluates our financial position on an ongoing basis. From time to time, we may enter into interest rate swaps to reduce the impact of changes in interest rates on our floating rate debt. We had no interest rate swaps in effect during the years ended December 31, 2024 and 2023.

Commodity Price Risk

Our subsidiaries hold working inventories of refined petroleum products, renewable fuels, gasoline blendstocks and transmix in storage. As of December 31, 2024, we held approximately $960 million of such inventory. While in storage, volatility in the market price of stored motor fuel could adversely impact the price at which we can later sell the motor fuel. However, we may use futures, forwards and other derivative instruments (collectively, "positions") to hedge a variety of price risks relating to deviations in that inventory from a target base operating level established by management. Derivative instruments utilized consist primarily of exchange-traded futures contracts traded on the New York Mercantile Exchange, Chicago Mercantile Exchange and Intercontinental Exchange, as well as over-the-counter transactions (including swap agreements) entered into with established financial institutions and other credit-approved energy companies. Our policy is generally to purchase only products for which there is a market and to structure sales contracts so that price fluctuations do not materially affect profit. While these derivative instruments represent economic hedges, they are not designated as hedges for accounting purposes. We may also engage in controlled trading in accordance with specific parameters set forth in a written risk management policy.

On a consolidated basis, the Partnership had a position of 0.3 million barrels with an aggregated unrealized loss of $3.8 million at December 31, 2024.

Item 8. Financial Statements and Supplementary Data

See Index to Consolidated Financial Statements at Page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act), that are designed to provide reasonable assurance that the information that we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. It should be noted that, because of inherent limitations, our disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

As required by paragraph (b) of Rule 13a-15 under the Exchange Act, our management with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Based on such evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, has concluded, as of December 31, 2024, that our disclosure controls and procedures were effective at the reasonable assurance level for which they were designed in that the information required to be disclosed by the Partnership in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process that is designed under the supervision of our Chief Executive Officer and Chief Financial Officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures recorded by us are being made only in accordance with authorizations of our management and board of directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management conducted its evaluation of the effectiveness of internal control over financial reporting as of December 31, 2024, based on the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of its internal control over financial reporting and testing the operational effectiveness of its internal control over financial reporting. Management reviewed the results of the assessment with the audit committee of the board of directors. Based on its assessment, management determined that, as of December 31, 2024, it maintained effective internal control over financial reporting.

Grant Thornton LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Partnership included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2024. The report, which expresses an unqualified opinion on the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2024, is included in this Item under the heading "Report of Independent Registered Public Accounting Firm".

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

From time to time, we make changes to our internal control over financial reporting that are intended to enhance its effectiveness and which do not have a material effect on our overall internal control over financial reporting. We will continue to evaluate the effectiveness of our disclosure controls and procedures and internal control over financial reporting on an ongoing basis and will take action as appropriate.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors of Sunoco GP LLC and
Unitholders of Sunoco LP

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Sunoco LP (a Delaware limited partnership) and subsidiaries (the "Partnership") as of December 31, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Partnership as of and for the year ended December 31, 2024, and our report dated February 14, 2025 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Dallas, Texas

February 14, 2025

Item 9B. Other Information

Amended and Restated Agreement of Limited Partnership

On February 12, 2025, our Board of Directors amended and restated our First Amended and Restated Agreement of Limited Partnership (as amended and restated, the “Second Amended and Restated LPA”), effective February 12, 2025. The Second Amended and Restated LPA (i) amended the definition of “Conflicts Committee” to replace a reference to Susser Holdings Corporation, the former ultimate publicly traded owner of our General Partner that, upon its acquisition by a predecessor of Energy Transfer in 2014, ceased to exist as a public company, with a general reference to publicly traded affiliates of our General Partner, to preserve the original intention of the First Amended and Restated Agreement of Limited Partnership, and (ii) incorporated previously adopted amendments to the First Amended and Restated Agreement of Limited Partnership. The foregoing description of the terms of the Second Amended and Restated LPA does not purport to be complete and is qualified in its entirety by reference to the Second Amended and Restated LPA, a copy of which is filed as Exhibit 3.2 to this Annual Report on Form 10-K and which is incorporated herein by reference.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Board of Directors

Our general partner, Sunoco GP LLC (our “General Partner”), manages and directs our operations and activities. The membership interest in our General Partner is solely owned by Energy Transfer LP (“Energy Transfer”). As the sole member of our General Partner, Energy Transfer is entitled under the limited liability company agreement of our General Partner to appoint all directors of our General Partner. Our General Partner’s limited liability company agreement provides that our General Partner’s Board of Directors (the “Board”) shall consist of between three and twelve persons, at least three of whom are required to qualify as independent directors. As of December 31, 2024, the Board consisted of seven persons, five of whom qualify as “independent” under the listing standards of the NYSE and our governance guidelines. Our Board has affirmatively determined that the directors who qualify as “independent” under the NYSE’s listing standards, SEC rules and our governance guidelines are Oscar A. Alvarez, Bradley C. Barron, W. Brett Smith, Ray W. Washburne and David K. Skidmore.

As a limited partnership, we are not required by the rules of the NYSE to seek unitholder approval for the election of any of our directors. We do not have a formal process for identifying director nominees, nor do we have a formal policy regarding consideration of diversity in identifying director nominees. We believe, however, that the individuals appointed as directors have experience, skills and qualifications relevant to our business and have a history of service in senior leadership positions with the qualities and attributes required to provide effective oversight of the Partnership.

The Board’s Role in Risk Oversight

Our Board generally administers its risk oversight function as a whole. It does so in part through discussion and review of our business, financial and corporate governance practices and procedures, with opportunity for specific inquires of management. In addition, at each regular meeting of the Board, management provides a report of the Partnership’s operational and financial performance, which often prompts questions and feedback from the Board. The audit committee provides additional risk oversight through its quarterly meetings, where it discusses policies with respect to risk assessment and risk management, reviews contingent liabilities and risks that may be material to the Partnership and assesses major legislative and regulatory developments that could materially impact the Partnership’s contingent liabilities and risks. The audit committee is required to discuss any material violations of our policies brought to its attention on an ad hoc basis. Additionally, the compensation committee reviews our overall compensation program and its effectiveness at both linking executive pay to performance and aligning the interests of our executives and our unitholders.

Committees of the Board of Directors

The Board has established standing committees to consider designated matters. The standing committees of the Board are: the audit committee and the compensation committee. The listing standards of the NYSE do not require boards of directors of publicly traded limited partnerships to be composed of a majority of independent directors, nor are they required to have a standing nominating or compensation committee. Notwithstanding, the Board has elected to have a standing compensation committee. We do not have a nominating committee in view of the fact that Energy Transfer, which owns our General Partner, appoints the directors to our Board. The Board has adopted governance guidelines for the Board and charters for each of the audit and compensation committees.

Audit Committee

We are required to have an audit committee of at least three members, and all of its members are required to meet the independence and experience standards established by the NYSE and the Exchange Act. The current members of the audit committee are Oscar A. Alvarez, W. Brett Smith and David K. Skidmore, each of whom are independent under the NYSE's standards and SEC's rules for audit committee members. In addition, the Board has determined that Mr. Skidmore, who serves as chairman of the audit committee, has "accounting or related financial management expertise" and constitutes an "audit committee financial expert," in accordance with SEC and NYSE rules and regulations.

The audit committee assists the Board in its oversight of the integrity of our consolidated financial statements and our compliance with legal and regulatory requirements and partnership policies and controls. The audit committee meets on a regularly-scheduled basis with our independent accountants at least four times each year and is available to meet at their request. Our independent registered public accounting firm has been given unrestricted access to the audit committee and our management, as necessary. The audit committee has the authority and responsibility to review our external financial reporting, to review our procedures for internal auditing and the adequacy of our internal accounting controls, to consider the qualifications and independence of our independent accountants, to engage and resolve disputes with our independent accountants, including the letter of engagement and statement of fees relating to the scope of the annual audit work and special audit work that may be recommended or required by the independent accountants, and to engage the services of any other advisors and accountants as the audit committee deems advisable. The committee reviews and discusses the audited consolidated financial statements with management, discusses with our independent auditors matters and makes recommendations to the Board relating to our audited consolidated financial statements. In addition, the audit committee is authorized to recommend to the Board any changes or modifications to its charter that the committee believes may be required. The charter of the audit committee is publicly available on our website at *http://www.sunocolp.com/investors/corporate-governance*. The audit committee held four meetings during 2024.

Compensation Committee

Although we are not required under NYSE rules to appoint a compensation committee because we are a limited partnership, the Board established a compensation committee to establish standards and make recommendations concerning the compensation of our officers and directors. The compensation committee is currently chaired by Mr. Alvarez and includes Mr. Smith. In addition, the compensation committee determines and establishes the standards for any awards to employees and officers providing services to us under the equity compensation plans adopted by our unitholders, including the performance standards or other restrictions pertaining to the vesting of any such awards. Pursuant to the charter of the compensation committee, a director serving as a member of the compensation committee may not be an officer of or employed by our General Partner, us or our subsidiaries. During 2024, neither Mr. Alvarez nor Mr. Smith was an officer or employee of affiliates of Energy Transfer, or served as an officer of any company with respect to which any of our executive officers served on such company's board of directors. In addition, neither Mr. Alvarez nor Mr. Smith is a former employee of affiliates of Energy Transfer. The charter of the compensation committee is publicly available on our website at *http://www.sunocolp.com/investors/corporate-governance*. The compensation committee held four meetings during 2024.

Code of Ethics

The Board has approved a Code of Business Conduct and Ethics which is applicable to all directors, officers and employees of our General Partner and its affiliates, including the principal executive officer, the principal financial officer and the principal accounting officer. The Code of Business Conduct and Ethics is available on our website at *http://www.sunocolp.com/investors/corporate-governance* (under the 'Investor Relations/Corporate Governance' tab) and in print without charge to any unitholder who sends a written request to our secretary at our principal executive offices at 8111 Westchester Drive, Suite 400, Dallas, Texas 75225. We intend to post any amendments of this code, or waivers of its provisions applicable to directors or executive officers of our General Partner, including its principal executive officer, principal financial officer and principal accounting officer, at this location on our website.

Insider Trading Policy

The Board has adopted insider trading policies and procedures that we believe are reasonably designed to promote compliance with insider trading laws, rules, and regulations, and the listing standards of the New York Stock Exchange. Our insider trading policy is applicable to all employees, officers and directors and, among other things, (i) prohibits our employees, officers, directors and related persons and entities from trading in securities of the Partnership and its affiliated companies while in possession of material, non-public information, (ii) prohibits our employees, officers and directors from disclosing material, non-public information to persons outside of the Partnership, other than in the course of performance of their duties, and (iii) requires that certain individuals who are designated as "Insiders" only transact in Partnership securities during an open trading window period, subject to limited exceptions. A copy of our insider trading policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

Corporate Governance Guidelines

The Board has adopted a set of Corporate Governance Guidelines to promote a common set of expectations as to how the Board and its committees should perform their functions. These principles are published on our website at *http://www.sunocolp.com/investors/corporate-governance* and reviewed by the Board annually or more often as the Board deems appropriate.

Meetings of Non-Management Directors and Communications with Directors

In accordance with our Corporate Governance Guidelines, the Board holds executive sessions of non-management directors not less than twice annually. These meetings are presided over, on a rotating basis, by the chairman of the audit and compensation committees of the Board. Interested parties may contact the chairman of our audit or compensation committee, or our independent or non-management directors individually or as a group, utilizing the contact information set forth on our website at *http://www.sunocolp.com/investors/corporate-governance*.

Note that the preceding Internet addresses are for information purposes only and are not intended to be hyperlinked. Accordingly, no information found or provided at those Internet addresses or at our website in general is intended or deemed to be incorporated by reference herein.

Executive Officers and Directors of our General Partner

The following table shows information about the current executive officers and directors of our General Partner. References to “our officers,” “our directors,” or “our Board” refer to the officers, directors and Board of Directors of our General Partner. Directors are appointed to hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Executive officers serve at the discretion of the Board.

Name	Age	Position With Our General Partner
Joseph Kim	53	President & Chief Executive Officer and Director
Karl R. Fails	50	Executive Vice President, Chief Operating Officer
Brian A. Hand	57	Executive Vice President, Chief Sales Officer
Dylan A. Bramhall	48	Chief Financial Officer
Austin B. Harkness	45	Executive Vice President, Chief Commercial Officer
Christopher R. Curia	69	Executive Vice President, Human Resources and Director
Ray W. Washburne	64	Chairman of the Board
Oscar A. Alvarez	69	Director
Bradley C. Barron	59	Director
David K. Skidmore	69	Director
W. Brett Smith	65	Director

Joseph Kim - President and Chief Executive Officer and Director. Mr. Kim was appointed to the Board in January 2018 and has served as President and Chief Executive Officer of our General Partner since January 2018. From June 2017 through December 2017, he served as President and Chief Operating Officer and prior to that served as Executive Vice President and Chief Development Officer since October 2015. Prior to joining the Partnership in October 2015, Mr. Kim held various executive positions, including Chief Operating Officer for Pizza Hut and Senior Vice President - Retail Strategy and Growth for Valero Energy. Prior to his 18 years with Pizza Hut and Valero, Mr. Kim worked for Arthur Andersen within both the Audit and Consulting business units. He is a graduate of Trinity University with a bachelor’s degree in Business Administration.

Karl R. Fails - Executive Vice President, Chief Operating Officer. Mr. Fails has served as Executive Vice President, Chief Operating Officer of our General Partner since September 2021. He is responsible for overall performance of the business across all segments, both financial and operational, and has direct control of transportation and midstream operations. Mr. Fails previously held the positions of Senior Vice President, Chief Operations Officer from January 2019 to September 2021, Senior Vice President, Chief Commercial Officer from February 2018 to January 2019, and Executive Vice President - Supply & Trading from January 2017 to January 2018 and held various other leadership positions during his tenure at the Partnership and Sunoco, Inc. (now known as ETC Sunoco Holdings LLC). Prior to joining Sunoco, Inc. in 2010, Mr. Fails served in various operations and engineering roles in the refining business for both Valero Energy and Exxon. He holds Bachelor’s degrees in Chemical Engineering and Math from Brigham Young University and a Master of Business Administration degree from the University of California, Berkeley.

Brian A. Hand - Executive Vice President, Chief Sales Officer. Mr. Hand has served as Executive Vice President, Chief Sales Officer since March 2024. He is responsible for all aspects of the fuel distribution business, including strategic acquisition and divestment, branded wholesale, direct dealers, performance products, and sales. He is also responsible for all marketing functions, engineering, construction and strategic partnerships. Mr. Hand previously held the positions of Senior Vice President, Chief Sales Officer, Chief Development and Marketing Officer, Chief Procurement Officer and various other leadership positions during his tenure with the Partnership and Sunoco, Inc. (now known as ETC Sunoco Holdings LLC). Prior to joining Sunoco, Inc. in 2010, Mr. Hand served in various leadership positions at Hewlett Packard, Blockbuster, Inc. and Cingular Wireless (now AT&T Mobility). He holds a Bachelor's degree in Accounting and Business Management from Lebanon Valley College and a Master of Business Administration degree from Widener University

Dylan A. Bramhall - Chief Financial Officer. Mr. Bramhall has served as Chief Financial Officer of our General Partner since October 2020 and currently is also Group Chief Financial Officer of Energy Transfer's General Partner since November 2022. Mr. Bramhall joined Energy Transfer in 2015 as a result of its merger with Regency Energy Partners and is responsible for oversight of the Partnership's Financial Planning and Analysis, Credit and Commodity Risk Management, Insurance, Cash Management, Capital Markets, Accounting, Financial Reporting and Investor Relations groups. He also serves as a member of Energy Transfer's Risk Oversight Committee. While at Regency, Mr. Bramhall held management positions in the finance, risk, commercial and operations groups. Mr. Bramhall holds a Bachelor of Business Administration in finance and Master of Business Administration in finance and operations management, both from the University of Iowa.

Austin B. Harkness - Executive Vice President, Chief Commercial Officer. Mr. Harkness has served as Executive Vice President, Chief Commercial Officer, since March 2024 He is responsible for all aspects of the Partnership's supply, trading, pricing, real estate and unbranded sales activity. Mr. Harkness previously held the positions of Senior Vice President, Commercial from June 2021 to March 2024 and Vice President, Pricing & Real Estate beginning in March 2020 when he joined the Partnership. Prior to joining the Partnership, Mr. Harkness held various executive positions, including Chief Operating Officer for Honor and Vice President, Operations at YUM! Brands. Prior to that, Mr. Harkness worked at McKinsey where he served clients on a variety of strategic and commercial topics spanning multiple industries. He holds a Bachelor's degree in Business Administration from the Business Honors Program and a Master of Business Administration degree from the McCombs School of Business, both at the University of Texas at Austin.

Christopher R. Curia - Executive Vice President-Human Resources and Director. Mr. Curia was appointed to the Board in August 2014. Mr. Curia has served as Executive Vice President-Human Resources of our General Partner since April 2015. Mr. Curia joined ETO in July 2008 and was appointed the Executive Vice President and Chief Human Resources Officer of Energy Transfer in January 2015. Mr. Curia has served on the board of directors of the general partner of USA Compression Partners, LP from April 2018 to April 2024. Prior to joining ET, Mr. Curia held HR leadership positions at both Valero Energy Corporation and Pennzoil and brings with him more than four decades of Human Resources experience in the oil and gas field. He also has several years' experience in the retail and refining sectors of the energy industry. Mr. Curia earned a master's degree in Industrial Relations from the University of West Virginia. Mr. Curia was selected to serve as a member of the Board due to the valuable perspective he brings from his extensive experience working as a human resources professional in the energy industry, and the insights he brings to the Board on matters such as succession planning, compensation, employee management and acquisition evaluation and integration.

Ray W. Washburne - Chairman of the Board. Mr. Washburne was appointed to the Board and elected as the Chairman of the Board in April 2022. He is currently President and Chief Executive Officer of Charter Holdings, Inc., a Dallas-based investment company involved in real estate, restaurants and diversified financial investments. From August 2017 to February 2019, Mr. Washburne served as the President and Chief Executive Officer of the Overseas Private Investment Corporation (OPIC), the United States government's development finance institution. From 2000 to 2017, Mr. Washburne served on the board of directors of Veritex Holdings, Inc. (Nasdaq: VBTX), a Texas -based bank holding company that conducts banking activities through its subsidiary, Veritex Community Bank. He has also served as an adjunct professor at the Cox School of Business at Southern Methodist University. Mr. Washburne is also a member of the Republican Governors Association Executive Roundtable, the American Enterprise Institute, the Council on Foreign Relations, and is on the Advisory Board of the United States Southern Command. Mr. Washburne was selected to serve on the Board of Directors because of his expertise in international finance, his relationships in government, and his experience on the board of a publicly traded company.

Oscar A. Alvarez - Director. Mr. Alvarez was appointed to the Board in March 2018. Mr. Alvarez chairs our compensation committee and serves on our audit committee. Mr. Alvarez served the Republic of Honduras for over 30 years, and was elected as a Representative in the National Congress of Honduras multiple times before retiring from politics in 2018. Over the course of his political career he was appointed to the cabinet position of Secretary of Security in both 2002 and 2010. Prior to this, he assisted with the diplomatic mission of the Honduran Embassy in Washington D.C. as Assistant Defense Attaché. In 1994, Mr. Alvarez entered the private sector and founded Atessa Seguridad S.A., providing turnkey security services for many major banks in the country of Honduras. A veteran of the Honduran Armed Forces, he is a graduate of United States Army Ranger School in Fort Benning, GA and the Special Forces Qualification Course at Fort Bragg, NC. Mr. Alvarez has a bachelor's degree from Texas A&M University, where he was the first cadet to be commissioned into a foreign army. He has also taken graduate courses in International Relations at Johns Hopkins University. Mr. Alvarez was selected to serve on our Board due to his extensive international experience.

Bradley C. Barron - Director. Mr. Barron was appointed to the Board in connection with our acquisition of NuStar in 2024. Mr. Barron previously served as the chairman of the board, President and Chief Executive Officer of NuStar Energy, LP. From 2003 until his 2013 promotion to Chief Executive Officer, Mr. Barron served in executive positions at NuStar ranging from Vice President, Executive Vice President, and General Counsel and Secretary. Prior to Mr. Barron's service with NuStar, he was with Valero Energy Corporation from 2001 to 2003. He holds a Bachelor's degree in Business Administration at Texas Tech University and a Juris Doctorate degree from The University of Texas School of Law, where he was Order of the Coif. Mr. Barron also serves on the board of directors of the San Antonio branch of the Federal Reserve Bank of Dallas. Mr. Barron was selected to serve on the Board because of his experience, qualifications and skills in the logistics and refining industries and the extensive knowledge and experience he attained as an executive officer and director of public companies.

David K. Skidmore - Director. Mr. Skidmore was appointed to the Board in May 2021. Mr. Skidmore was elected as the Chair of our audit committee in January 2023. Mr. Skidmore previously served as a director of Energy Transfer Operating, L.P. from March 2013 to May 2021. He was also a member of the audit committee of Energy Transfer Operating, L.P. He has been Vice President of Ventex Oil & Gas, Inc. since 1995 and has been actively involved in exploration and production throughout the Gulf Coast and mid-Continent regions for over 35 years. He founded Skidmore Exploration, Inc. in 1981 and has been an independent oil and gas producer since that time. From 1977 to 1981, he worked for Paraffine Oil Corporation and Texas Oil & Gas in Houston. He holds BS degrees in both Geology and Petroleum Engineering, is a Certified Petroleum Geologist and Registered Professional Engineer (inactive), and active member of the AAPG, and SPE. Mr. Skidmore was selected to serve as a director because of his continual involvement in geological, geophysical, legal, engineering and accounting aspects of an active oil and gas exploration company. As an energy professional, active oil and gas producer and successful business owner, Mr. Skidmore possesses valuable first-hand knowledge of the energy transportation business and market conditions affecting its economics.

W. Brett Smith - Director. Mr. Smith was appointed to the Board and to serve as a member of the audit committee of the Board in March 2024. He has served as President and Managing Partner of Rubicon Oil & Gas, LLC since October 2000. He has also served as President of Rubicon Oil & Gas II, LP since May 2005, President of Quientesa Royalty LP since February 2005 and President of Action Energy LP since October 2008. Mr. Smith was President of Rubicon Oil & Gas, LP from October 2000 to May 2005. For more than 30 years, Mr. Smith has been active in assembling exploration prospects in the Permian Basin, Oklahoma, New Mexico and the Rocky Mountain areas. Mr. Smith previously served on the board of directors of LE GP, LLC, the general partner of Energy Transfer, and on the audit committee, and on the board of directors of USA Compression GP, LLC, the general partner of USA Compression Partners, LP. Mr. Smith was selected to serve as a director based on his experience as an executive and as a director in the oil and gas industry, particularly for other limited partnerships.

Section 16(a) Beneficial Ownership Reporting Compliance

Each director and executive officer (and, for a specified period, certain former directors and executive officers) of our General Partner and each holder of more than 10% of a class of our equity securities is required to report to the SEC his or her pertinent position or relationship, as well as transactions in those securities, by specified dates.

Delinquent Section 16(a) Reports

Based solely upon a review of reports on Forms 3 and 4 (including any amendments) furnished to us during our most recent fiscal year and written representations from officers and directors of our General Partner that no Form 5 was required, we believe that all filings applicable to our General Partner's officers and directors, and our beneficial owners, required by Section 16(a) of the Exchange Act were filed on a timely basis during 2024.

Reimbursement of Expenses of our General Partner

Under our partnership agreement, our General Partner does not receive a management fee or other compensation for its role as our general partner. However, our General Partner is reimbursed for all expenses incurred on our behalf. These expenses include shared service fees, as well as all other expenses necessary or appropriate to the conduct of our business that are allocable to us, as provided for in our partnership agreement. There is no cap on the amount that may be paid or reimbursed to our General Partner.

Item 11. Executive Compensation

As is commonly the case for many publicly traded limited partnerships, we do not have officers or directors. Instead, we are managed by the board of directors of our General Partner, and the executive officers of our General Partner perform all of our management functions. As a result, the executive officers of our General Partner are essentially our executive officers. Because Energy Transfer controls our General Partner and owns a significant limited partner interest in us, Energy Transfer will be referenced throughout this Item 11. References to "our officers" and "our directors" refer to the officers and directors of our General Partner.

Compensation Discussion and Analysis

Named Executive Officers

This Compensation Discussion and Analysis is focused on the total compensation of the executive officers of our General Partner as set forth below. The executive officers we refer to in this discussion as our "named executive officers," or "NEOs," for the 2024 fiscal year are the following officers of our General Partner:

Name	Principal Position
Joseph Kim	President and Chief Executive Officer
Dylan A. Bramhall	Chief Financial Officer
Karl R. Fails	Executive Vice President, Chief Operating Officer
Brian A. Hand	Executive Vice President, Chief Sales Officer
Austin B. Harkness	Executive Vice President, Chief Commercial Officer

Our board of directors has established a compensation committee to review and make decisions with respect to the compensation determinations of our officers and directors. In this discussion, we refer to our compensation committee as the "Compensation Committee." However, our Compensation Committee consults with and receives guidance and input, as appropriate, from Energy Transfer's Compensation Committee, Energy Transfer's Executive Chairman of the board of directors, and Energy Transfer's Human Resources executives to ensure compensation decisions are undertaken consistent with the compensation philosophy and objectives set by Energy Transfer.

In addition to his role as the Chief Financial Officer of our General Partner, Mr. Bramhall also serves as Executive Vice President and Group Chief Financial Officer of Energy Transfer's general partner. Prior to 2023, Mr. Bramhall's compensation was handled on a dual basis with the management of Energy Transfer, setting Mr. Bramhall's salary, long-term incentive pool targets and annual bonus targets and awards of long-term incentives and annual bonus amounts attributable to his services to Energy Transfer and the Compensation Committee directly approved the portions of Mr. Bramhall's long-term incentives and annual bonus attributable to his services to SUN. Beginning with 2023, 100% of Mr. Bramhall's compensation became attributable to Energy Transfer.

Compensation Philosophy and Objectives

Generally, our compensation philosophy and objectives are substantially the same as those set by Energy Transfer and are based on the premise that a significant portion of each executive's total compensation should be incentive-based or "at-risk" compensation. We also share Energy Transfer's philosophy that executives' total compensation levels should be competitive in the marketplace for executive talent and abilities. Our General Partner seeks a total compensation program for our NEOs that provides for an annual base compensation rate slightly below the median market (i.e., approximately the 30th to 40th percentile of market) but incentive-based compensation composed of a combination of compensation vehicles designed to reward both short- and long-term performance that are both targeted to pay out at approximately the top-quartile of market for similarly situated businesses. Our General Partner believes the incentive-based balance is achieved by (i) the payment of annual discretionary cash bonuses that consider the achievement of the financial performance objectives for a fiscal year set at the beginning of such fiscal year and the individual contributions of our NEOs to the success of the achievement of the annual financial performance objectives, and (ii) the annual grant of time-based restricted, restricted phantom unit awards and/or cash restricted awards under the long-term incentive plan, which awards are intended to provide a long-term incentive and retentive value to our key employees to focus their efforts on increasing the market price of our publicly traded units and to increase the cash distribution we pay to our unitholders.

The Partnership historically granted restricted unit and/or phantom unit awards ("RSUs") that vest, based generally upon continued employment, at a rate of 60% after the third year of service and the remaining 40% after the fifth year of service. Beginning in 2024, the Partnership began granting cash restricted units ("CRSUs") that vest, based generally upon continued employment, at a rate of 1/3 annually over a three-year period. For 2024, the awards were split 75% RSUs and 25% CRSUs. The Partnership believes that these equity-based incentive arrangements are important in attracting and retaining executive officers and key employees as well as motivating these individuals to achieve stated business objectives. The equity-based compensation reflects the importance our General Partner places on aligning the interests of its named executive officers with those of Unitholders.

While the Partnership utilizes time-based forms of equity awards, the grant date valuation utilizes a modified total unitholder return ("TUR") performance as measured against the average return of Alerian MLP index (AMZ) over defined periods of time. The modified TUR is designed to create a recognition of a performance adjustment to the equity awards based on the prior periods measured to add an element of performance impact in setting grant date value even though the RSUs themselves are a time-vested vehicle. As discussed below, our Compensation Committee, in consultation with our General Partner, and, as applicable Energy Transfer or the Energy Transfer Compensation Committee, are responsible for the compensation policies and compensation level of the named executive officers of our General Partner.

Our compensation program is structured to achieve the following:

- reward executives with an industry-competitive total compensation package of competitive base salaries and significant incentive opportunities yielding a total compensation package approaching the top-quartile of the market;
- attract, retain and reward talented executive officers and key management employees by providing total compensation competitive with that of other executive officers and key management employees employed by publicly traded limited partnerships or other peer companies of similar size and in similar lines of business;
- motivate executive officers and key employees to achieve strong financial and operational performance;
- emphasize performance-based or "at-risk" compensation; and
- reward individual performance.

Components of Executive Compensation

For the year ended December 31, 2024, the compensation paid to our NEOs consisted of the following components:

- annual base salary;
- non-equity incentive plan compensation consisting solely of discretionary cash bonuses based on stated performance objectives;
- time-vested RSUs and CRSUs under the equity incentive plan;
- payment of distribution equivalent rights ("DERs") on unvested RSUs under our equity incentive plan;
- vesting of previously issued time-based RSUs issued pursuant to equity incentive plans of affiliates; and
- 401(k) plan employer matching contributions.

Methodology

The Compensation Committee considers relevant data available to it to assess our competitive position with respect to base salary, annual short-term incentives and long-term incentive compensation for our executives, including our NEOs. The Compensation Committee also considers individual performance, levels of responsibility, skills and experience.

Periodically, we engage a third-party consultant to provide the Compensation Committee of our General Partner with market information for compensation levels at peer companies in order to assist in the determination of compensation levels for executives, including the named executive officers. Most recently, in 2023, Meridian Compensation Partners ("Meridian"), the independent compensation advisor to Energy Transfer completed an evaluation of the market competitiveness of total compensation levels of the senior leadership team, including the named executive officers. The Meridian review provided market information with respect to compensation of Partnership executives, including the named executive officers during the year ended December 31, 2023. We continued to rely on the Meridian analysis for calendar year 2024.

In particular, the review by Meridian was designed to (i) evaluate the market competitiveness of total compensation levels for certain members of senior management, including our named executive officers; (ii) assist in the determination of appropriate compensation levels for our senior management, including the named executive officers; and (iii) confirm that our compensation programs were yielding compensation packages consistent with our overall compensation philosophy. The Partnership was reviewed by Meridian through various metrics in order to recognize the Partnership's unique structure, including the facts that (i) the Partnership receives certain shared-service support from Energy Transfer; and (ii) in other functions, the Partnership operates in a manner consistent with an independent publicly-traded organization. As such, Meridian reviewed certain of our executives, including the named executive officers, in their specific functions to determine the appropriate benchmarking technique. In all circumstances, Meridian considered our annual revenues and market capitalization levels in its benchmarking. The compensation analysis provided by Meridian covered all major components of total compensation, including annual base salary, annual short-term cash bonus and long-term incentive awards for our named executive officers as compared to officers of companies similarly situated in terms of structure, annual revenues and market capitalization and made determinations with respect to such officers' level (i.e. as a corporate officer, subsidiary officer or shared service function) given the unique characteristics of our structure. In addition to the companies reviewed as part of Meridian's review for benchmarking, SUN will continue to work to refine a "core peer" group that is more identifiable in similar business lines and types as SUN.

Following Meridian's 2023 review, the Compensation Committee reviewed the information provided, including Meridian's specific summary observations and recommended considerations for all compensation going forward. The observations addressed overall competitive benchmarking, peer company approaches to compensation and short and long-term incentive plan design, the Compensation Committee considered and reviewed the results of the study performed by Meridian to determine if the results indicated that the compensation programs were yielding a competitive total compensation model prioritizing incentive-based compensation and rewarding achievement of short and long-term performance objectives and considered Meridian's conclusions and recommendations. While Meridian found that SUN is continuing to achieve its stated objectives with respect to the "at-risk" approach, Meridian also recommended certain adjustments for consideration, which considerations were designed to allow SUN to continue to achieve its targeted percentiles on base compensation and incentive compensation (short and long-term). In respect of the 2023 Meridian review, the Compensation Committee in consultation with Meridian and executive management approved the adoption of the Amended and Restated Sunoco GP LLC Annual Bonus Plan (the "Amended Bonus Plan") effective as January 1, 2023.

In addition to the information received as part of Meridian's review, the Compensation Committee also has access to information obtained from other sources in its determination of compensation levels for our named executive officers, such as annual third party surveys.

Base salary. Base salary is designed to provide for a competitive fixed level of pay that attracts and retains executive officers and compensates them for their level of responsibility and sustained individual performance (including experience, scope of responsibility and results achieved). The salaries of our named executive officers are targeted as an annual base salary slightly below median level of market and are determined by the Compensation Committee. Base salaries also are influenced by internal pay equity (fair and consistent application of compensation practices). At the NEO level, the balance of compensation is weighted toward pay-at-risk compensation (annual bonuses and long-term incentives).

During the 2024 merit review process in July, the Compensation Committee approved base salary increase to each of the named executive officers. Mr. Kim's salary increased to $850,000 from his previous level of $800,000, Mr. Fails' salary increased to $520,000 from his previous level of $500,000, Mr. Hand's salary increased to $405,600 from his previous level of $390,000 and Mr. Harkness' salary increased to $395,200 from his previous level of $380,000. As noted above, Mr. Bramhall no longer receives a salary allocation from SUN effective November 11, 2022. In general, SUN approved a merit pool increase of 4.0% for all of its employees, including the named executive officers and each of the named executives received merit increases consistent with the 4.0% pool, except Mr. Kim who received an approximately 6.25% merit adjustment.

Annual Bonus. In addition to base salary, the Compensation Committee makes a determination whether to award discretionary annual cash bonuses to employees, including our named executive officers, following the end of the year. These discretionary bonuses, if awarded, are intended to reward our named executive officers for the achievement of financial performance objectives during the year for which the bonuses are awarded in light of the contribution of each individual to our profitability and success during such year.

The Amended Bonus Plan is a discretionary annual cash bonus plan available to all employees, including the named executive officers. The purpose of the Amended Bonus Plan is to reward employees for contributions towards the Partnership's business goals and to aid in motivating employees. The Amended Bonus Plan is administered by the Compensation Committee and the Compensation Committee has the authority to establish and interpret the rules and regulations relating to the Amended Bonus Plan, to select participants, to determine and approve the size of any actual award amount, to make all determinations, including factual determinations, under the Amended Bonus Plan, and to take all other actions necessary or appropriate for the proper administration of the Bonus Plan.

Under the Amended Bonus Plan, the Compensation Committee evaluates and determines an overall funded cash bonus pool based on achievement of (i) an internal Adjusted EBITDA Target, (ii) an internal distributable cash flow target ("DCF Target") and (iii) performance of each department compared to the applicable department budget ("Departmental Budget Target"). Under the Amended Bonus Plan, the Budget Targets were weighted 60% on the achievement of the Adjusted EBITDA Target, 25% on the achievement of the DCF Target and 15% on the achievement of the Departmental Budget Target. The total amount of cash to be allocated to the funded bonus pool will range from 0% to 135% for each of the budgeted DCF Target and Adjusted EBITDA Target and will range from 0% to 100% of the Departmental Budget Target. Under the Amended Bonus Plan, the maximum bonus pool funding is 130% of the bonus pool target.

While the funded bonus pool will reflect an aggregation of performance under each target, in the event performance under the Adjusted EBITDA Target is below 80% of its target, no bonus pool will be funded. If the bonus pool is funded, a participant may earn a cash award for the Performance Period based upon the level of attainment of the Budget Targets and his or her individual performance. Awards under both the Bonus Plan and the Amended Bonus Plan are paid in cash as soon as practicable after the end of the Performance Period but in no event later than two and one-half months after the end of the Performance Period.

For 2024, the short-term annual cash bonus pool targets for Messrs. Kim, Fails, Hand and Harkness were as follows: 130% for Mr. Kim, 110% for Mr. Fails, and 105% for Messrs. Hand and Harkness. As noted above, Mr. Bramhall no longer receives a bonus allocation from SUN effective November 11, 2022.

While the achievement of the various budget targets sets a bonus pool under the Bonus Plan and the Amended Bonus Plan, actual bonus awards are discretionary. These discretionary bonuses, if awarded, are intended to reward our named executive officers for the achievement of the budget targets during the performance period in light of the contribution of each individual to our profitability and success during such year. The Compensation Committee does not establish its own financial performance objectives in advance for purposes of determining whether to approve any annual bonuses, and it does not utilize any formulaic approach to determine annual bonuses.

In February 2025, the Compensation Committee certified Partnership results to achieve a bonus payout of the bonus pool. The actual results reflected the achievement of approximately 106.3% of the Adjusted EBITDA Target, 112.8% of the DCF Target and 100% of the Departmental Budget Target. The Compensation Committee based on achieved results approved a 124% of the achieved pool target. The cash bonuses approved for Messrs. Kim, Fails, Hand and Harkness were $1,291,150, $675,000, $515,000 and $515,000, respectively.

In approving the 2024 bonuses of the named executive officers, the Compensation Committee took into account the achievement by the Partnership of all of the targeted performance objectives for 2024 and the individual performances of each of the named executive officers. The cash bonuses awarded to each of the named executive officers for 2024 performance were materially consistent with their applicable bonus pool targets.

Equity Awards. Each of the Sunoco LP 2012 Long-Term Incentive Plan (the “2012 LTIP”) and the Sunoco LP 2018 Long-Term Incentive Plan (the “2018 LTIP,” and together with the 2012 LTIP, the “LTIPs”) is designed to provide long-term incentive awards in order to promote achievement of our long-term strategic business objectives. The LTIPs are designed to align the economic interests of the named executive officers, key employees and directors with those of our unitholders and to provide an incentive to management for continuous employment with the General Partner and its affiliates. Each of our named executive officers is eligible to participate in the LTIPs. These awards are intended to align the interests of plan participants (including our NEOs) with those of our unitholders and to give plan participants the opportunity to share in our long-term performance.

In addition, in 2024, we adopted the Sunoco LP Long-Term Cash Restricted Unit Plan (the “CRU Plan”). The CRU Plan authorizes the Compensation Committee, in its discretion, to grant awards, as applicable, of CRSUs, upon such terms and conditions as it may determine appropriate and in accordance with general guidelines as defined by the CRU Plan. Like awards from the LTIP, awards from the CRU Plan will be used to incentivize and reward eligible employees over a long-term basis.

From time to time, the Compensation Committee may make grants under the plan to employees and/or directors containing such terms as the Compensation Committee shall determine under the LTIPs or the CRU Plan. The Compensation Committee determines the conditions upon which the restricted units granted may become vested or forfeited, and whether or not any such restricted units will have DERs entitling the grantee to receive an amount in cash equal to cash distributions made by us with respect to a like number of our common units during the restricted period.

For 2024, the annual long-term incentive targets set by the Compensation Committee for the named executive officers were 500% of annual base salary for Mr. Kim, 350% for Mr. Fails, and 250% for Messrs. Hand and Harkness. Mr. Bramhall’s 2024 Energy Transfer equity award was at a target of 500%.

The annual long-term incentive targets are used as the basis to determine the target number of units to be awarded to the eligible participant, including the named executive officers. A multiple of base salary is used to set the pool target, that number is then divided by a weighted average price determined by considering SUN’s modified TUR performance as measured against the average return of Alerian MLP index (AMZ) over defined time periods. In previous years, the comparison was conducted against an independently identified peer group. The change to using the AMZ for the TUR analysis beginning for 2022 awards was a recognition of the challenge of matching SUN’s business with an adequate set of peer companies for performance evaluation. It was determined that the AMZ would provide the most adequate basis for analysis. SUN will continue to evaluate the best and most adequate tool to appropriately measure an appropriate modified TUR analysis and will make changes as appropriate in future years. The modified TUR is designed to create a recognition of performance adjustment based on the prior periods measured to an element of performance impact in setting grant date value even though the RSUs themselves are a time-vested vehicle. For purposes of establishing an initial price, we utilize a 60 trading-day trailing weighted average price of SUN common units prior to November 1 of the respective year. This average trading price is then subject to adjustment when our TUR is more than 10% greater or less than that of companies within the AMZ. If the TUR analysis yields a result that is within 10% of the AMZ, the Compensation Committee will simply use the 60 trading day trailing weighted average price divided by the applicable salary multiple to establish a target pool for each eligible participant, including the named executive officers. If our TUR is outside of the 10% deviation, the 60 trading day trailing weighted average will be adjusted. For purposes of the adjustment to the trailing average we will consider deviations from 10% to 30% up or down, which number will then be divided by two to establish a maximum of 15% either way from the trailing weighted average price based on SUN's performance as compared to the AMZ.

For 2024, the Partnership's TUR underperformed the AMZ by more than 10% for the applicable measurement period. As such, the 60 day trailing weighted average price to establish the total available pool was adjusted up by 7.92% resulting in a smaller available pool for issuance and a lesser aggregate grant date valuation for eligible participants, including the named executive officers.

In December 2024, the Compensation Committee granted RSU awards to Messrs. Kim, Fails, Hand, and Harkness 56,250 units, 24,750 units, 15,000 units and 15,000 units, respectively, under the LTIP. The Compensation Committee also approved grants of CRSUs to Messrs. Kim, Fails, Hand, and Harkness of 18,750 units, 8,250 units, 5,000 units and 5,000 units, respectively. In approving the grant of such RSUs, the Compensation Committee considered several factors, including the long-term objective of retaining such individuals as key drivers of the Partnership's future success, the existing level of equity ownership of such individuals and the previous awards to such individuals of equity awards subject to vesting.

In December 2024, Mr. Bramhall received a grant of equity awards by the Energy Transfer Compensation Committee in connection with his service to Energy Transfer's general partner, with such awards including 153,750 Energy Transfer restricted units and 51,250 Energy Transfer cash restricted units.

Vesting of the 2024 awards would accelerate in the event of the death or disability of the named executive officer or in the event of a change in control of the partnership as that term is defined under the LTIPs and the CRU Plan.

All of the RSUs granted, including to the named executive officers, provided for the vesting of 60% of the units at the end of the third year from the date of the grant and the vesting of the remaining 40% of the units at the end of the fifth year, subject to continued employment of the named executive officers through each specified vesting date. These RSUs entitle the grantee of the unit awards to receive, with respect to each Partnership common unit subject to such RSU that has not either vested or been forfeited, a DER cash payment promptly following each such distribution by us to our unitholders. In approving the grant of such unit awards, the Compensation Committee took into account a number of performance factors as well as the long-term objective of retaining such individuals as key drivers of the Partnership's future success, the existing level of equity ownership of such individuals and the previous awards to such individuals of equity awards subject to vesting.

The CRSUs granted in 2024 provide for incremental vesting over a three-year period, with 1/3 vesting at the end of each year. Each CRSU entitles the award recipient to receive cash equal to the market value of one Energy Transfer common unit upon vesting. The CRSU do not include rights to DER cash payments.

As discussed below under "Potential Payments Upon a Termination or Change of Control," all outstanding equity awards would automatically accelerate upon a change in control event, which means vesting automatically accelerates upon a change of control irrespective of whether the officer is terminated. In addition, the award agreements also include certain acceleration provisions upon retirement with the ability to accelerate 40% of outstanding unvested awards under the Energy Transfer Incentive Plans at age 65 and 50% at age 68. These acceleration provisions require that the participant have not less than five (5) years of employment service to the Partnership or an affiliate and are subject to the applicable provisions of IRC Section 409(A), which may include a six (6) month delay in the vesting after retirement. The retirement provision also requires that the award be held for at least one year after the grant date in order to be eligible for acceleration.

The issuance of common units pursuant to our equity incentive plans is intended to serve as a means of incentive compensation; therefore, no consideration will be payable by the plan participants upon vesting and issuance of the common units.

We believe that permitting the accelerated vesting of equity awards upon a change in control creates an important retention tool for us by enabling employees to realize value from these awards in the event that we undergo a change in control transaction. The actual value to be realized upon any acceleration is discussed below under "Potential Payments Upon a Termination or Change of Control."

Executive Compensation Clawback Policy. In November 2023, the Compensation Committee adopted the Sunoco LP Executive Officer Incentive Compensation Clawback Policy (the "Clawback Policy"), which requires the Partnership to recover erroneously awarded incentive-based compensation from executive officers in the event the Partnership is required to prepare an accounting restatement. The Clawback Policy applies to any individual who is currently or was previously designated as an "officer" of the Partnership as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, including all of our current NEOs. The Clawback Policy is designed to comply with the requirements of the SEC and the NYSE Listed Company Manual, including (i) the definition of an accounting restatement, (ii) the applicable types of incentive-based compensation, (iii) the relevant recovery period, and (iv) the approach for calculating the recovery amount.

Benefit Plans. Our NEOs are provided compensation in the form of other benefits, including medical, life, dental, and disability insurance in line with competitive market conditions in retail non-store plans sponsored by Sunoco GP LLC. Our NEOs receive the same benefits and are responsible to pay the same premiums, deductibles and out of pocket maximums as other employees participating in these plans.

Sunoco GP LLC 401(k) Plan. Effective December 31, 2018, our previous 401(k) benefit plan, the Sunoco GP LLC 401(k), was merged into the Energy Transfer LP 401(k) Plan (the “ET 401(k) Plan”). The ET 401(k) Plan is a defined contribution 401(k) plan, which covers substantially all of our employees, including the named executive officers. Employees may elect to defer up to 100% of their eligible compensation after applicable taxes, as limited under the Internal Revenue Code. We make a matching contribution that is not less than the aggregate amount of matching contributions that would be credited to a participant’s account based on a rate of match equal to 100% of each participant’s elective deferrals up to 5% of covered compensation. The amounts deferred by the participant are fully vested at all times, and the amounts contributed by the Partnership become vested based on years of service. We provide this benefit as a means to incentivize employees and provide them with an opportunity to save for their retirement.

The Partnership provides a 3% profit sharing contribution to employee 401(k) accounts for all employees with a base compensation below a specified threshold. The contribution is in addition to the 401(k) matching contribution and employees become vested based on years of service.

Sunoco GP LLC Severance Plan. In addition, Sunoco GP LLC has also adopted the SUN Severance Plan, which provides for payment of certain severance benefits in the event of Qualifying Termination (as that term is defined in the SUN Severance Plan). In general, the Severance Plan provides payment of one (1) week of annual base salary for each year or partial year of employment service, up to a maximum of fifty-two weeks or one year of annual base salary (with a minimum of eight weeks of annual base salary) and up to three months of continued group health insurance coverage. The SUN Severance Plan also provides that additional benefits in addition to those provided under the Severance Plan may be paid based on special circumstances, which additional benefits shall be unique and non-precedent setting. The Severance Plan is available to all salaried employees on a nondiscriminatory basis; therefore, amounts that would be payable to the named executive officers upon a Qualified Termination have been excluded from “Compensation Tables - Potential Payments Upon a Termination or Change of Control” below.

The benefit levels are summarized below:

Employee Level	Minimum Severance Pay	Maximum Severance Pay
Senior Manager or below	8 weeks of Base Pay	26 weeks of Base Pay
Director or Senior Director	16 weeks of Base Pay	39 weeks of Base Pay
Vice President and above	26 weeks of Base Pay	52 weeks of Base Pay

Other Energy Transfer Sponsored Benefit Plans. Our NEOs participate in certain retirement and deferred compensation plans sponsored by Energy Transfer or its affiliates as described below. The Partnership is not allocated any compensation expense nor does it make any contributions to the plans sponsored by Energy Transfer or its affiliates.

Energy Transfer Non-Qualified Deferred Compensation Plan (the “ET NQDC Plan”) is a deferred compensation plan, which permits eligible highly compensated employees to defer a portion of their salary, bonus and/or quarterly non-vested restricted unit and/or restricted phantom unit distribution equivalent income until retirement, termination of employment or other designated distribution event. Energy Transfer may make annual discretionary matching contributions to participants’ accounts; however, Energy Transfer has not made any discretionary contributions to participants’ accounts and currently has no plans to make any discretionary contributions to participants’ accounts.

Risk Assessment Related to Our Compensation Structure

We believe our compensation plans and programs for our named executive officers, as well as the other employees who provide services to us, are appropriately structured and are not reasonably likely to result in material risk to us. We believe our compensation plans and programs are structured in a manner that does not promote excessive risk-taking that could harm our value or reward poor judgment. We also believe we have allocated our compensation among base salary and short and long-term compensation in such a way as to not encourage excessive risk-taking. We use restricted units and/or restricted phantom units rather than unit options for equity awards because restricted units and/or restricted phantom units retain value even in a depressed market so that employees are less likely to take unreasonable risks to get, or keep, options “in-the-money.” Finally, the time-based vesting over five years for our long-term incentive awards ensures that our employees’ interests align with those of our unitholders for our long-term performance.

Accounting and Tax Considerations

We account for the equity compensation expense for equity awards granted under our LTIP in accordance with U.S. generally accepted accounting principles (“GAAP”), which requires us to estimate and record an expense for each equity award over the vesting period of the award. For restricted units and/or restricted phantom units that are paid out in the form of common units, the value of our common units on the date of grant is used for determining the expense. The expense for restricted units and/or restricted phantom units settled in common units is recognized ratably over the vesting period. For cash compensation, the accounting rules require us to record it as an expense at the time the obligation is accrued. Because we are a partnership, and our General Partner is a limited liability company, Internal Revenue Code ("Code") Section 162(m) does not apply to the compensation paid to our NEOs and, accordingly, our Compensation Committee did not consider its impact in making the compensation recommendations discussed above.

Compensation Committee Interlocks and Insider Participation

Messrs. Alvarez, Anbouba and Smith were the only members of the Compensation Committee during 2024. Mr. Smith joined the Compensation Committee in March 2024 after Mr. Anbouba's passing in February 2024. During 2024, none of Messrs. Alvarez, Anbouba nor Mr. Smith was an officer or employee of affiliates of Energy Transfer, or served as an officer of any company with respect to which any of our executive officers served on such company's board of directors. In addition, neither of the current Compensation Committee members is a former employee of affiliates of Energy Transfer.

Compensation Committee Report

The Compensation Committee of the board of directors of our General Partner has reviewed and discussed the section of this report entitled "Compensation Discussion and Analysis" with the management of the Partnership and approved its inclusion on this annual report on Form 10-K.

Compensation Committee

Oscar A. Alvarez (Chairman)

W. Brett Smith

The foregoing report shall not be deemed to be incorporated by reference by any general statement or reference to this Annual Report on Form 10-K into any filing under the Securities Act, as amended, or the Exchange Act, as amended, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under those Acts.

Summary Compensation Table

Name and Principal Position	Year	Salary ($) (1)	Unit Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (4)	Total ($)
Joseph Kim	2024	$ 800,962	$ 4,145,250	$ 1,291,150	$ 44,221	$ 16,817	$ 6,298,400
President and Chief Executive Officer	2023	649,500	3,759,700	1,015,000	44,275	16,832	5,485,307
	2022	612,000	3,385,740	922,900	—	15,471	4,936,111
Dylan A. Bramhall (5)	2024	—	—	—	—	—	—
Chief Financial Officer	2023	—	—	—	—	—	—
	2022	137,644	621,960	—	—	2,088	761,692
Karl R. Fails	2024	492,787	1,823,910	675,000	245,334	21,111	3,258,142
Executive Vice President, Chief Operating Officer	2023	401,187	1,611,300	530,000	240,541	19,494	2,802,522
	2022	384,343	1,160,700	470,000	(302,824)	18,199	1,730,418
Brian A. Hand	2024	394,915	1,105,400	515,000	152,697	19,224	2,187,236
Executive Vice President, Chief Sales Officer	2023	359,629	1,101,055	454,000	136,917	18,836	2,070,437
	2022	337,634	821,250	392,000	(110,748)	16,171	1,456,307
Austin B. Harkness	2024	381,831	1,105,400	515,000	—	18,189	2,020,420
Executive Vice President, Chief Commercial Officer	2023	327,500	1,101,055	413,000	—	16,905	1,858,460
	2022	281,915	1,095,500	330,000	—	14,544	1,721,959

(1) In accordance with the terms of our partnership agreement, we reimburse our General Partner and its affiliates for compensation related expenses attributable to the portion of the named executive officer's time dedicated to providing services to us. For the periods presented, amounts reported herein reflect 100% of the base salary associated with the NEO's services, except for Mr. Bramhall's base salary which is allocated at 40% based on the portion of his compensation attributable to SUN prior to his promotion on November 11, 2022. Cash compensation expenses for each NEO were allocated on the basis of total cash compensation earned by the NEO during the period.

(2) The amounts reported for unit awards represent the full grant date fair value of RSUs and CRSUs granted to each of our NEOs, computed in accordance with FASB ASC Topic 718, disregarding any estimates for forfeitures. For Mr. Bramhall, the amounts reported above include only his grants of Sunoco LP restricted units and exclude grants of Energy Transfer plan-based awards.

(3) Sunoco LP maintains the Amended Bonus Plan which provides for discretionary bonuses. Awards of discretionary bonuses are tied to achievement of targeted performance objectives and described in the Compensation Discussion and Analysis. In respect of Mr. Bramhall, 100% of his bonuses for the periods presented were awarded under the Energy Transfer bonus plan and are 100% attributable to Energy Transfer.

(4) The amounts reflected for 2024 in this column include (i) 401(k) Plan matching contributions made on behalf of the named executive officers of $12,885 for Mr. Kim, $17,250 for Mr. Fails, $14,429 for Mr. Hand, and $17,250 for Mr. Harkness, (ii) health savings account contributions made on behalf of the named executive officers of $2,000 each for Messrs. Kim, Fails and Hand, and (iii) the dollar value of life insurance premiums paid for the benefit of the named executive officers of $1,932 for Mr. Kim, $1,861 for Mr. Fails, $2,796 for Mr. Hand and $939 for Mr. Harkness.

(5) Mr. Bramhall's compensation is reported in detail in Item 11 of the Energy Transfer LP Annual Report on Form 10-K. All compensation decisions impacting Mr. Bramhall are made by the Compensation Committee of LE GP LLC, the general partner of Energy Transfer LP. As noted in the compensation discussion and analysis above, 100% of Mr. Bramhall's 2024 compensation, other than the $144,302 in DERs paid on his unvested Sunoco LP restricted units was attributable to Energy Transfer LP. All compensation decisions for 2024, were made by the Compensation Committee of LE GP LLC. Prior to 2023, Mr. Bramhall's compensation was handled on a dual basis with the management of Energy Transfer, setting Mr. Bramhall's salary, long-term incentive pool targets and annual bonus targets and awards of long-term incentives and annual bonus amounts attributable to his services to Energy Transfer and the Compensation Committee directly approving the portions of Mr. Bramhall's long-term incentives and annual bonus attributable to his services to SUN.

The amounts reflected for all periods exclude distribution payments in connection with DERs on unvested unit awards, because the dollar value of such distributions are factored into the grant date fair value reported in the "Unit Awards" column of the Summary Compensation Table at the time that the unit awards and DERs were originally granted. For 2024, distribution payments in connection with DERs totaled $945,199 for Mr. Kim, $144,302 for Mr. Bramhall (excluding distributions related to Energy Transfer unit awards), $394,056 for Mr. Fails, $274,556 for Mr. Hand, and $251,488 for Mr. Harkness.

Grants of Plan-Based Awards in 2024

The table below reflects awards granted to our NEOs under the LTIP during 2024.

Name	Grant Date	Type of Award (1)	All Other Unit Awards: Number of Shares of Units (#) (1)	Grant Date Fair Value of Unit Awards ($) (1)
Sunoco LP Unit Awards:				
Joseph Kim	12/5/2024	Restricted units	56,250	$ 3,108,938
Karl R. Fails	12/5/2024	Restricted units	24,750	1,367,933
Brian A. Hand	12/5/2024	Restricted units	15,000	829,050
Austin B. Harkness	12/5/2024	Restricted units	15,000	829,050
Sunoco LP Cash Restricted Unit Awards:				
Joseph Kim	12/5/2024	Cash restricted units	18,750	$ 1,036,313
Karl R. Fails	12/5/2024	Cash restricted units	8,250	455,978
Brian A. Hand	12/5/2024	Cash restricted units	5,000	276,350
Austin B. Harkness	12/5/2024	Cash restricted units	5,000	276,350

(1) The reported grant date fair value of unit awards was determined in compliance with FASB ASC Topic 718 and are more fully described in Note 19 to our consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data." For Mr. Bramhall, the amounts reported above include only his grants of Sunoco LP restricted units and exclude grants of Energy Transfer plan-based awards.

Outstanding Equity Awards at December 31, 2024

The following table reflects NEO equity awards granted under the LTIP Plan that were outstanding at December 31, 2024.

Name	Grant Date [(1)]	Unit Awards [(1)] Number of Units That Have Not Vested (#)	Unit Awards [(1)] Market Value of Units That Have Not Vested ($) [(2)]
Sunoco LP Unit Awards:			
Joseph Kim	12/5/2024	56,250	$ 2,893,500
	12/8/2023	70,000	3,600,800
	12/12/2022	77,300	3,976,312
	12/16/2021	23,200	1,193,408
	12/30/2020	39,540	2,033,938
Dylan A. Bramhall [(3)]	12/12/2022	14,200	730,448
	12/16/2021	5,200	267,488
	12/30/2020	6,400	329,216
	10/27/2020	8,000	411,520
Karl R. Fails	12/5/2024	24,750	1,273,140
	12/8/2023	30,000	1,543,200
	12/12/2022	26,500	1,363,160
	12/16/2021	10,200	524,688
	9/2/2021	8,000	411,520
	12/30/2020	13,200	679,008
Brian A. Hand	12/5/2024	15,000	771,600
	12/8/2023	20,500	1,054,520
	12/12/2022	18,750	964,500
	12/16/2021	7,400	380,656
	12/30/2020	12,000	617,280
Austin B. Harkness	12/5/2024	15,000	771,600
	12/8/2023	20,500	1,054,520
	12/12/2022	16,500	848,760
	9/24/2022	10,000	514,400
	12/16/2021	5,800	298,352
	12/30/2020	8,000	411,520
Sunoco LP Cash Restricted Unit Awards:			
Joseph Kim	12/5/2024	18,750	$ 964,500
Karl R. Fails	12/5/2024	8,250	424,380
Brian A. Hand	12/5/2024	5,000	257,200
Austin B. Harkness	12/5/2024	5,000	257,200

(1) RSUs outstanding vest as follows:

- at a rate of 60% in December 2027 and 40% in December 2029 for awards granted in December 2024;
- at a rate of 60% in December 2026 and 40% in December 2028 for awards granted in December 2023;
- at a rate of 60% in December 2025 and 40% in December 2027 for awards granted in September and December 2022;
- 100% in December 2026 the remaining outstanding portion of awards granted in December 2021; and
- 100% in December 2025 for the remaining outstanding portion of awards granted in October 2020, December 2020 and September 2021.

Such awards may be settled at the election of the Compensation Committee in (i) common units of Sunoco LP; (ii) cash equal to the Fair Market Value (as such term is defined in the LTIPs) of Sunoco LP common units the would otherwise be delivered pursuant to the terms of each named executive officers grant agreement; or (iii) other securities or property in an amount equal to Fair Market Value of Sunoco LP common units that would otherwise be delivered pursuant to the terms of the grant agreement, or a combination thereof as determined by the Compensation Committee in its discretion.

CRSU awards granted in December 2024 vest 1/3 per year in December 2025, 2026 and 2027.

(2) Based on the closing market price of our common units of $51.44 on December 31, 2024.

(3) For Mr. Bramhall, the amounts reported above include only his outstanding grants of Sunoco LP restricted units and exclude grants of Energy Transfer plan-based awards.

Units Vested in 2024

The following table provides information regarding the vesting of SUN restricted units held by certain of our NEOs during 2024. There are no options outstanding on our common units.

	Unit Awards	
Name	**Number of Units Acquired on Vesting (#)**	**Value Realized on Vesting ($) (1)**
Sunoco LP Unit Awards:		
Joseph Kim	62,446	$ 3,451,390
Dylan A. Bramhall	7,800	431,106
Karl R. Fails	25,700	1,420,439
Brian A. Hand	20,500	1,133,035
Austin B. Harkness	11,700	646,659

(1) Amounts presented represent the number of unit awards vested during 2024 and the value realized upon vesting of these awards, which is calculated as the number of units vested multiplied by the closing price of Sunoco LP's common units upon the vesting date.

Non-Qualified Deferred Compensation

The Energy Transfer NQDC Plan is a deferred compensation plan which permits eligible highly compensated employees to defer a portion of their salary, bonus, and/or quarterly non-vested phantom unit distribution equivalent income until retirement, termination of employment or other designated distribution event. Each year under the Energy Transfer NQDC Plan, eligible employees are permitted to make an irrevocable election to defer up to 50% of their annual base salary, 50% of their quarterly non-vested phantom unit distribution income, and/or 50% of their discretionary performance bonus compensation during the following year. Pursuant to the Energy Transfer NQDC Plan, Energy Transfer may make annual discretionary matching contributions to participants' accounts; however, Energy Transfer has not made any discretionary contributions to participants' accounts and currently has no plans to make any discretionary contributions to participants' accounts. All amounts credited under the Energy Transfer NQDC Plan (other than discretionary credits) are immediately 100% vested. Participant accounts are credited with deemed earnings or losses based on hypothetical investment fund choices made by the participants among available funds.

Participants may elect to have their account balances distributed in one lump sum payment or in annual installments over a period of three or five years upon retirement, and in a lump sum upon other termination events. Participants may also elect to take lump sum in-service withdrawals five years or longer in the future, and such scheduled in-service withdrawals may be further deferred prior to the withdrawal date. Upon a change in control (as defined in the Energy Transfer NQDC Plan) of Energy Transfer, all Energy Transfer NQDC Plan accounts are immediately vested in full. However, distributions are not accelerated and, instead, are made in accordance with the Energy Transfer NQDC Plan's normal distribution provisions unless a participant has elected to receive a change of control distribution pursuant to his deferral agreement.

The following table provides the voluntary salary deferrals made by the named executive officers in 2024 under the Energy Transfer NQDC Plan and Sunoco Executive DC Plan.

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($) [(1)]	Aggregate Withdrawals/Distributions ($)	Aggregate Balance at Last FYE ($)
Joseph Kim	$ —	$ —	$ 44,221	$ —	$ 411,510
Karl R. Fails	—	—	245,334	—	1,586,754
Brian A. Hand	163,178	—	152,697	—	1,037,816

(1) Amounts included in the aggregate earnings column above have been included in the change in non-qualified deferred compensation earnings column of the summary compensation table.

Potential Payments upon Termination or Change of Control

Pursuant to the terms of the award agreements issued under the LTIPs and/or the CRU Plan, in the event of a (i) Change of Control (as defined in the LTIPs and/or the CRU Plan, summarized below) or (ii) termination of employment due to death or disability, all RSUs and CRSUs shall vest. In the event of a termination of employment for any other reason, all RSUs and CRSUs that are still unvested shall be forfeited. The RSUs and CRSUs that would vest in the event of Change of Control are those awards described for each NEO in the table entitled "Outstanding Equity Awards at December 31, 2024".

In addition, the Compensation Committee has approved a retirement provision, which provides that employees, including the named executive officers with at least five years of service with the general partner, who leave the respective general partner voluntarily due to retirement (i) after age 65 but prior to age 68 are eligible for accelerated vesting of 40% of his or her award; or (ii) after 68 are eligible for accelerated vesting of 50% of his or her award. The acceleration of the awards is subject to the applicable provisions of IRC Section 409A. The retirement provision also requires that the award be held for at least one year after the grant date in order to be eligible for acceleration.

Under the LTIPs, a "Change of Control" means, and shall be deemed to have occurred upon one or more of the following events: (i) any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Exchange Act, other than members of the General Partner, the Partnership, or an affiliate of either the General Partner or the Partnership, shall become the beneficial owner, by way of merger, consolidation, recapitalization, reorganization or otherwise, of 50% or more of the voting power of the voting securities of the General Partner or the Partnership; (ii) the limited partners of the General Partner or the Partnership approve, in one transaction or a series of transactions, a plan of complete liquidation of the General Partner or the Partnership; (iii) the sale or other disposition by either the General Partner or the Partnership of all or substantially all of its assets in one or more transactions to any Person other than an affiliate; (iv) the General Partner or an affiliate of the General Partner or the Partnership ceases to be the General Partner of the Partnership; (v) any other event specified as a "Change of Control" in the equity incentive plan maintained by the Partnership at the time of such "Change of Control;" or (vi) any other event specified as a "Change of Control" in an applicable award agreement. Notwithstanding the above, with respect to a 409A award, a "Change of Control" shall not occur unless that Change of Control also constitutes a "change in the ownership of a corporation," a "change in the effective control of a corporation," or a "change in the ownership of a substantial portion of a corporation's assets," in each case, within the meaning of 1.409A-3(i)(5) of the 409A regulations, as applied to non-corporate entities.

The following table shows the amount of incremental value that would have been received by each of the NEOs upon certain events of termination or a change of control resulting in the accelerated vesting of the restricted units and/or restricted phantom units held by our NEOs on December 31, 2024:

Name	Benefit	Termination Due to Death or Disability ($) [(1)]	Termination for any other reason ($)	Change of Control with or without Continued Employment ($) [(1)]	Not for Cause Termination ($)
Joseph Kim	Unit Vesting	$ 14,662,458	$ —	$ 14,662,458	$ —
Dylan A. Bramhall [(2)]	Unit Vesting	1,738,672	—	1,738,672	—
Karl R. Fails	Unit Vesting	6,219,096	—	6,219,096	—
Brian A. Hand	Unit Vesting	4,045,756	—	4,045,756	—
Austin B. Harkness	Unit Vesting	4,156,352	—	4,156,352	—

(1) The amounts reflected above represent the product of the number of RSUs units that were subject to vesting/restrictions on December 31, 2024 multiplied by the closing price of applicable common units on that date.

(2) For Mr. Bramhall, the amounts reported above include only his outstanding grants of Sunoco LP restricted units and exclude grants of Energy Transfer plan-based awards.

CEO Pay Ratio

In accordance with Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, set forth below is information about the relationship of the annual total compensation of Mr. Kim, our President and Chief Executive Officer, and the annual total compensation of our employees.

For the 2024 calendar year:

- The annual total compensation of Mr. Kim, as reported in the Summary Compensation Tables of this Item 11 was $6,298,400; and
- The median total compensation of the employees supporting our Partnership (other than Mr. Kim) was $111,268 for 2022, which "median employee" will be used for the 2024 analysis.

Based on this information, for 2024 the ratio of the annual total compensation of Mr. Kim to the median of the annual total compensation was approximately 57 to 1.

To identify the median of the annual total compensation of the employees supporting the Partnership, the following steps were taken:

1. It was determined that, as of December 31, 2024, the applicable employee populations consisted of 3,298 with all of the identified individuals being employed in the United States. This population consisted of all of our full-time and part-time employees. We did not engage any independent contractors in 2024 that are required to be included in our employee population for the CEO pay ratio evaluation.
2. To identify the "median employee" from our employee population, we compared the total earnings of our employees as reflected in our payroll records as reported on Form W-2 for 2024.
3. We identified our median employee using W-2 reporting and applied this compensation measure consistently to all of our employees required to be included in the calculation. We did not make any cost of living adjustments in identifying the "median employee".
4. Once we identified our median employee, we combined all elements of the employee's compensation for 2024 resulting in an annual compensation of $111,268, with cash compensation of $95,259. The difference between such employee's total earnings and the employee's total compensation represents the estimated value of the employee's health care benefits (estimated for the employee and such employee's eligible dependents at $12,981 and the employee's 401(k) matching contribution and profit sharing contribution, as applicable estimated at $5,027 per employee).
5. With respect to Mr. Kim, we used the amount reported in the "Total" column of our 2024 Summary Compensation Table under this Item 11.

Compensation of Directors

Our Board periodically reviews and determines the amounts payable to the members of our Board. For 2024, the directors of the General Partner who were not employees of the General Partner or its affiliates received, as applicable: an annual cash retainer of $100,000; an annual cash retainer of $15,000 ($25,000 for the chair) for serving on our audit committee; an annual cash retainer of $7,500 ($15,000 for the chair) for serving on our Compensation Committee; and a cash fee for the engagement of the special committee of the Board (the "Special Committee"), as determined by the Board at the time of such engagement. Such directors also received an annual grant of RSUs under the LTIP equal to an aggregate of $125,000 based on the same grant date valuation as is used for annual long-term incentive awards made to Partnership officers, including the named executive officers, through the annual modified total unitholder return analysis. Directors appointed during the year, or who cease to be directors during a year, receive a pro-rated portion of any cash retainers. In addition, each non-employee director who is appointed to the Board for the first time is entitled to receive 2,500 unvested SUN common units. Unit awards granted to non-employee directors will vest 60% after the third year and the remaining 40% after the fifth year after the grant date.

Under the LTIP, the director will forfeit all unvested RSUs upon a termination of his duties as a director for any reason. If the director ceases providing services due to death or disability (as defined by the LTIP) prior to the date all RSUs units have vested, then all restrictions lapse and all RSUs become immediately vested. If a Change of Control (as defined under the LTIP) occurs, then all unvested RSUs become fully vested as of the date of the Change of Control. In addition, our directors will be reimbursed for out-of-pocket expenses incurred in connection with attending meetings of the Board or its committees.

The following table provides a summary of compensation paid to each of our current and former non-employee directors with respect to 2024:

Name	Fees Earned or Paid in Cash ($) [1]	Unit Awards ($) [2]	Total ($)
Oscar A. Alvarez	130,000	114,101	244,101
Imad Anbouba [3]	61,250	—	61,250
Bradley C. Barron [4]	25,000	114,101	139,101
David K. Skidmore	125,000	114,101	239,101
W. Brett Smith [4]	56,147	114,101	170,248
Ray W. Washburne	100,000	114,101	214,101

(1) The amounts in this column reflect the aggregate dollar amount of fees earned or paid in cash including the annual retainer fee.

(2) The amounts reported for unit awards represent the full grant date fair value of the awards granted in 2024, calculated in accordance with FASB ASC Topic 718, disregarding any estimate for forfeiture. These amounts do not correspond to the actual value that may be recognized by the recipient upon any disposition of vested units and do not give effect to any decline or increase in the trading price of our common units since the date of grant. For a discussion of the assumptions and methodologies used in calculating the grant date fair value of the unit awards reported above, see Note 19 in our consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data."

As discussed above, the number of units awarded is based on the annual award amount of $125,000 divided by the same grant-date valuation as is used for annual long-term incentive award to Partnership officers through the modified total unitholders return analysis.

Current year amounts reflect annual awards granted on January 2, 2025.

(3) Mr. Anbouba was previously a director until February 2024.

(4) Mr. Barron was appointed to the board of directors in July 2024. Mr. Smith was appointed to the board of directors in March 2024.

Mr. Christopher R. Curia did not receive compensation from SUN in 2024.

As of December 31, 2024, Mr. Alvarez had 10,805 outstanding RSUs, Mr. Skidmore had 9,108 outstanding RSUs and Mr. Washburne had 8,175 outstanding RSUs. Additionally, Mr. Curia had 38,687 outstanding RSUs.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of common units and Class C Units of the Partnership that are issued and outstanding as of February 7, 2025 and held by:

- each person or group of persons known by us to be beneficial owners of 5% or more of our common or Class C Units;
- each director, director nominee and named executive officer of our General Partner; and
- all of our directors and executive officers of our General Partner, as a group.

Name of Beneficial Owner [(1)]	Common Units Beneficially Owned [(5)]	Percentage of Common Units Beneficially Owned
Energy Transfer [(2)]	28,463,967	20.9%
Invesco Ltd. [(3)]	8,670,067	6.4%
ALPS Advisors, Inc. [(4)]	20,603,455	15.1%
Joseph Kim [(6)]	222,208	*
Karl R. Fails	132,902	*
Brian A. Hand	86,538	*
Dylan A. Bramhall	17,829	*
Austin B. Harkness	18,281	*
Christopher R. Curia	91,141	*
Ray W. Washburne	—	*
Oscar A. Alvarez	12,988	*
Bradley C. Barron	20,000	*
David K. Skidmore	6,959	*
W. Brett Smith	1,477	*
All executive officers and directors as a group (eleven persons)	610,323	*

* Represents less than 1%.

(1) As of the date set forth above, there are no arrangements for any listed beneficial owner to acquire within 60 days common units from options, warrants, rights, conversion privileges or similar obligations. Unless otherwise indicated, the address for all beneficial owners in this table is 8111 Westchester Drive, Suite 400, Dallas, Texas 75225.

(2) The address for Energy Transfer and Energy Transfer's subsidiaries is 8111 Westchester Drive, Suite 600, Dallas, Texas 75225.

(3) The information contained in the table and this footnote with respect to Invesco Ltd. is based solely on a filing on Schedule 13G filed with the SEC on November 8, 2024. The business address of the reporting party is 1331 Spring Street NW, Suite 2500, Atlanta, Georgia 30309.

(4) The information contained in the table and this footnote with respect to ALPS Advisors, Inc. is based solely on a filing on Schedule 13G filed with the SEC on February 13, 2025. The business address of the reporting party is 1290 Broadway, Suite 1000, Denver, Colorado 80203. ALPS Advisors, Inc. and Alerian MLP ETF, a fund controlled by ALPS, have shared voting and dispositive power as to the 20,603,455 common units.

(5) Does not include unvested phantom units that may not be voted or transferred prior to vesting. As of February 7, 2025, there were 136,235,878 common units deemed to be beneficially owned for purposes of the above table.

(6) Includes 10,000 common units Mr. Kim owns indirectly by the Kim Living Trust.

The following table sets forth, as of February 7, 2025, the number of common units of Energy Transfer owned by each of the directors and named executive officers of our General Partner and all directors and current executive officers of our General Partner as a group.

	Energy Transfer Common Units Beneficially Owned†	
Name of Beneficial Owner [(1)]	**Number of Common Units** [(2)]	**Percentage of Total Common Units** [(3)]
Joseph Kim	12,000	*
Karl R. Fails	13,161	*
Brian A. Hand	—	*
Dylan A. Bramhall	177,591	*
Austin B. Harkness	—	*
Christopher R. Curia	679,346	*
Ray W. Washburne [(4)]	631,032	*
Oscar A. Alvarez	3,379	*
Bradley C. Barron	—	*
David K. Skidmore	121,755	*
W. Brett Smith	38,339	*
All executive officers and directors as a group (eleven persons)	1,676,603	*

* Represents less than 1%.

† Officers and directors of our General Partner may be deemed to indirectly beneficially own certain limited partnership interests in us or Energy Transfer, by virtue of owning common units in Energy Transfer, or based upon their simultaneous service as officers or directors of Energy Transfer. Any such deemed ownership is not reflected in the table.

(1) Unless otherwise indicated, the address for all beneficial owners in this table is 8111 Westchester Drive, Suite 400, Dallas, Texas 75225.

(2) Beneficial ownership for the purposes of the above table is determined in accordance with the rules and regulation of the SEC. These rules generally provide that a person is the beneficial owner of securities if they have or share the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof, or have the right to acquire such powers with sixty (60) days.

(3) As of February 7, 2025, there were 3,431,214,964 common units of Energy Transfer deemed to be beneficially owned for purposes of the above table.

(4) Includes 2,090 common units held by Mr. Washburne's wife and 502,172 common units held in various family trusts.

Equity Compensation Plan Information

As of December 31, 2024, a total of 5,414,176 phantom units had been issued under our long-term incentive plans. Total securities remaining available for issuance under our long-term incentive plans as of December 31, 2024 were as follows:

Common Units Remaining Available for Issuance under Our Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	—	$ —	—
Equity compensation plans not approved by security holders	1,504,357	—	7,299,966
Total	1,504,357	$ —	7,299,966

Item 13. Certain Relationships and Related Transactions, and Director Independence

Transactions with Energy Transfer and its Affiliates

The following table summarizes the distributions and payments made by us to Energy Transfer or its affiliates during 2024.

Transaction	Explanation	Amount/Value
2024 quarterly distributions on limited partner interests and IDRs held by affiliates.	Represents the aggregate amount of distributions made to affiliates of our General Partner in respect of common units and IDRs during 2024.	$226 million
Fuel sold to affiliates.	Total revenues we received for fuel gallons sold by us to affiliates of our General Partner for 2024.	$28 million
Bulk purchases of motor fuel from Energy Transfer and its affiliates.	Represents payments made to Energy Transfer and its affiliates for bulk motor fuel purchases.	$1.5 billion
Reimbursement to our General Partner for certain allocated overhead and other expenses.	Total payment to our General Partner for reimbursement of overhead and other expenses, including employee compensation costs relating to employees supporting our operations for 2024.	$35 million

Other Transactions with Related Persons

Related Party Agreements

During 2024, Sunoco LLC and Sunoco Retail had administrative and support services agreements in place pursuant to which a subsidiary of Energy Transfer provided certain general and administrative services to Sunoco LLC and Sunoco Retail during 2024. In addition, Sunoco, LLC and Sunoco Retail have treasury services agreements for certain cash management activities with Energy Transfer (R&M), LLC, an indirect wholly owned subsidiary of Energy Transfer.

We are party to fee-based commercial agreements with various subsidiaries or affiliates of Energy Transfer for pipeline, terminalling and storage services. We also have agreements with subsidiaries of Energy Transfer for the purchase and sale of fuel.

Effective July 1, 2024, SUN and Energy Transfer formed ET-S Permian, a joint venture combining their respective crude oil and produced water gathering assets in the Permian Basin. SUN contributed all of its Permian crude oil gathering assets and operations to ET-S Permian. Energy Transfer contributed its Permian crude oil and produced water gathering assets and operations to ET-S Permian. Energy Transfer's long-haul crude pipeline network that provides transportation of crude oil out of the Permian Basin to Nederland, Houston, and Cushing is excluded from ET-S Permian.

ET-S Permian operates more than 5,000 miles of crude oil and water gathering pipelines with crude oil storage capacity in excess of 11 million barrels.

SUN holds a 32.5% interest, with Energy Transfer holding the remaining 67.5% interest in ET-S Permian. Energy Transfer serves as the operator of ET-S Permian.

Procedures for Review, Approval and Ratification of Transactions with Related Persons

For a discussion of director independence, see "Item 10. Directors, Executive Officers and Corporate Governance."

The Audit Committee reviews and considers related party transactions with various subsidiaries or affiliates of Energy Transfer. The Audit Committee has authorized the General Partner's management to enter into transactions with entities affiliated to Energy Transfer on arms-length terms taking into account then-current market conditions applicable to the services to be provided, and any such transaction, within management's delegation of authority levels shall be deemed approved by the Audit Committee, provided it is not a new related party transaction that may be material to the Partnership.

As a policy matter, our Special Committee, comprised of our independent directors, generally reviews any proposed related party transaction that may be material to the Partnership to determine whether the transaction is fair and reasonable to the Partnership. In determining materiality, our General Partner evaluates several factors including the terms of the transaction, the capital investment required, and the revenues expected from the transaction. While there are no written policies or procedures for the Board to follow in making these determinations, the Board makes those determinations in light of its contractually-limited duties to the Partnership's unitholders. Our partnership agreement provides that if the Board, through the Special Committee or otherwise, approves the resolution or course of action taken with respect to a conflict of interest, then it will be presumed that, in making its decision, the Board acted in good faith, and any proceeding brought by or on behalf of any limited partner or the Partnership, the person bringing or prosecuting such proceedings will have the burden of overcoming such presumption (see "Item 1A. Risk Factors - Risks Related to Our Structure" in this annual report on Form 10-K).

Additionally, we have in place a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of the Partnership and its subsidiaries and affiliates, that requires the approval by designated executive officers prior to entering into any related party transaction that could present a potential conflict of interest.

Item 14. Principal Accountant Fees and Services

Audit Fees

The following table presents fees for audit services rendered by Grant Thornton LLP for the audit of our annual consolidated financial statements for 2024 and 2023, and fees billed for other services rendered by Grant Thornton LLP during the corresponding periods (dollars in millions).

	Fiscal 2024	Fiscal 2023
Audit Fees [1]	$ 5.0	$ 2.3
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
	$ 5.0	$ 2.3

(1) Includes fees for audits of annual financial statements of our companies, reviews of the related quarterly financial statements and services that are normally provided by the independent accountants in connection with statutory and regulatory filings or engagements, including reviews of documents filed with the SEC and services related to the audit of our internal control over financial reporting.

Policy for Approval of Audit and Non-Audit Services

Our audit committee charter requires that all services provided by our independent public accountants, both audit and non-audit, must be pre-approved by the audit committee. Pre-approval of audit and non-audit services may be given at any time up to a year before commencement of the specified service.

In determining whether to approve a particular audit or permitted non-audit service, the audit committee will consider, among other things, whether such service is consistent with maintaining the independence of the independent public accountants. The audit committee will also consider whether the independent public accountants are best positioned to provide the most effective and efficient service to us and whether the service might be expected to enhance our ability to manage or control risk or improve audit quality.

Part IV

Item 15. Exhibit and Financial Statement Schedules

The following documents are filed as a part of this Annual Report on Form 10-K:

- Financial Statements - see Index to Consolidated Financial Statements appearing on page F-1.
- Financial Statement Schedules - None.
- Exhibits - see Exhibit Index set forth on page 73.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Asset Purchase Agreement by and among Susser Petroleum Property Company LLC, Sunoco Retail LLC, Stripes LLC, Town & Country Food Stores, Inc., MACS Retail LLC, 7-Eleven, Inc. and SEI Fuel Services, Inc., and, solely for the limited purposes referenced therein, Sunoco, LP, Sunoco Finance Corp. and Sunoco, LLC, dated as of April 6, 2017 (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 6, 2017)
2.2	Amended and Restated Asset Purchase Agreement by and among Susser Petroleum Property Company LLC, Sunoco Retail LLC, Stripes LLC, Town & Country Food Stores, Inc., MACS Retail LLC, 7-Eleven, Inc. and SEI Fuel Services, Inc., and, solely for the limited purposes referenced therein, Sunoco, LP, Sunoco Finance Corp. and Sunoco, LLC, dated January 23, 2018 (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 24, 2018)
2.3	Agreement and Plan of Merger, dated as of January 22, 2024, by and among Sunoco LP, Saturn Merger Sub, LLC, NuStar Energy L.P., Riverwalk Logistics, L.P., NuStar GP, LLC and Sunoco GP, LLC (incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 22, 2024)
2.4	Contribution Agreement, by and among Sunoco LP, SUN Pipeline Holdings LLC, NuStar Permian Transportation and Storage LLC, NuStar Permian Crude Logistics LLC, NuStar Permian Holdings LLC, NuStar Logistics, L.P., ET-S Permian Holdings Company LP, ET-S Permian Pipeline Company LLC, ET-S Permian Marketing Company LLC, Energy Transfer LP, and Energy Transfer Crude Marketing, LLC, dated as of July 14, 2024 (incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
3.1	Second Amended and Restated Certificate of Limited Partnership of Sunoco LP dated as of May 8, 2018 (Incorporated by reference to Exhibit 3.1 of the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 10, 2018)
3.2*	Second Amended and Restated Agreement of Limited Partnership of Sunoco LP, dated February 12, 2025
3.3	Certificate of Formation of Susser Petroleum Partners GP LLC (Incorporated by reference to Exhibit 3.4 of the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)
3.4	Certificate of Amendment to the Certificate of Formation of Susser Petroleum Partners GP LLC (Incorporated by reference to Exhibit 3.3 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 28, 2014)
3.5	Amended and Restated Limited Liability Company Agreement of Susser Petroleum Partners GP LLC, dated September 25, 2012 (Incorporated by reference to Exhibit 3.2 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on September 25, 2012)
3.6	Amendment No. 1 to Amended and Restated Limited Liability Company Agreement of Susser Petroleum Partners GP LLC (Incorporated by reference to Exhibit 3.4 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 28, 2014)
3.7	Amendment No. 2 to the Amended and Restated Limited Liability Company Agreement of Sunoco GP LLC dated as of June 6, 2016 (Incorporated by reference to Exhibit 3.3 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 8, 2016)
3.8	Amendment No. 3 to the Amended and Restated Limited Liability Company Agreement of Sunoco GP LLC dated as of May 8, 2018 (Incorporated by reference to Exhibit 3.3 of the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 10, 2018)
4.1	Indenture, dated as of July 15, 2002, among Valero Logistics Operations, L.P., as Issuer, Valero L.P., as Guarantor, and The Bank of New York, as Trustee, relating to Senior Debt Securities (incorporated by reference to Exhibit 4.4 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
4.2	Third Supplemental Indenture, dated as of July 1, 2005, to Indenture dated as of July 15, 2002, as amended and supplemented, among Valero Logistics Operations, L.P., Valero L.P., Kaneb Pipe Line Operating Partnership, L.P., and The Bank of New York Trust Company, N.A. (incorporated by reference to Exhibit 4.5 of the current report on Form 8-K for (File Number 001-35653) filed by the registrant on May 3, 2024)
4.3	Instrument of Resignation, Appointment and Acceptance, dated March 31, 2008, among NuStar Logistics, L.P., NuStar Energy L.P., Kaneb Pipeline Operating Partnership, L.P., The Bank of New York Trust Company N.A., and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.6 of the current report on Form 8-K for (File Number 001-35653) filed by the registrant on May 3, 2024)
4.4	Eighth Supplemental Indenture, dated as of April 28, 2017, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, and Wells Fargo Bank, National Association, as Successor Trustee (incorporated by reference to Exhibit 4.7 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
4.5	Ninth Supplemental Indenture, dated as of May 22, 2019, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, and Wells Fargo Bank, National Association, as Successor Trustee (incorporated by reference to Exhibit 4.8 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
4.6	Tenth Supplemental Indenture, dated as of September 14, 2020, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, and Wells Fargo Bank, National Association, as Successor Trustee (incorporated by reference to Exhibit 4.9 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)

4.7	Eleventh Supplemental Indenture, dated as of May 31, 2024, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, NuStar Pipeline Operating Partnership L.P., as Affiliate Guarantor, Sunoco LP, as Ultimate Parent Guarantor, the Guarantors party thereto and Computershare Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.19 of Sunoco LP's Current Report on Form 8-K (File No. 001-35653) filed June 5, 2024)
4.8	Indenture, dated as of January 22, 2013, among NuStar Logistics, L.P., as Issuer, NuStar Energy L.P., as Guarantor, and Wells Fargo Bank, National Association, as Trustee, relating to Subordinated Debt Securities (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
4.9	Registration Rights Agreement, dated as of March 31, 2016, by and among Sunoco LP and Energy Transfer Equity, L.P. (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 1, 2016)
4.10	Indenture, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee, dated January 23, 2018 (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 29, 2018)
4.11	First Supplemental Indenture, dated as of January 24, 2019, by and among Sunoco LP, Sunoco Finance Corp., the subsidiary guarantors party thereto and AMID Refined Products LLC, AMID Caddo LLC, AMID NLR LLC, as guarantors, and U.S. Bank, N.A., as trustee (Incorporated by reference to Exhibit 4.4 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 22, 2019)
4.12	Second Supplemental Indenture, dated as of May 31, 2024, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee, dated May 31 (Incorporated by reference to Exhibit 4.3 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 5, 2024)
4.13	Indenture, dated as of March 14, 2019, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on March 14, 2019)
4.14	First Supplemental Indenture, dated as of May 31, 2024, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 4.5 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 5, 2024)
4.15	Indenture, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee, dated November 24, 2020 (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 24, 2020)
4.16	First Supplemental Indenture, dated as of May 31, 2024, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 4.7 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 5, 2024)
4.17	Indenture, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee, dated October 20, 2021 (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 20, 2021)
4.18	First Supplemental Indenture, dated as of May 31, 2024, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 4.9 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 5, 2024)
4.19	Indenture, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank Trust Company, National Association, as Trustee, dated September 20, 2023 (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on September 20, 2023)
4.20	First Supplemental Indenture, dated as of May 31, 2024, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 4.11 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 5, 2024)
4.21	Indenture, dated as of April 30, 2024, by and among Sunoco LP, the Guarantors party thereto and U.S. Bank Trust Company, National Association, as Trustee (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 30, 2024)
4.22	First Supplemental Indenture, dated as of May 31, 2024, by and among Sunoco LP, the Guarantors party thereto and U.S. Bank National Association, as Trustee (Incorporated by reference to Exhibit 4.13 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 5, 2024)
4.23	Second Supplement and Amendment to Series 2008 Indenture, dated as of July 15, 2024, among the Parish of St. James, State of Louisiana, Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (Incorporated by reference to Exhibit 4.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
4.24	Second Supplement and Amendment to Series 2010 Indenture, dated as of July 15, 2024, among the Parish of St. James, State of Louisiana, Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (Incorporated by reference to Exhibit 4.2 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
4.25	Second Supplement and Amendment to Series 2010A Indenture, dated as of July 15, 2024, among the Parish of St. James, State of Louisiana, Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (Incorporated by reference to Exhibit 4.3 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)

4.26	Second Supplement and Amendment to Series 2010B Indenture, dated as of July 15, 2024, among the Parish of St. James, State of Louisiana, Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (Incorporated by reference to Exhibit 4.4 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
4.27	Second Supplement and Amendment to Series 2011 Indenture, dated as of July 15, 2024, among the Parish of St. James, State of Louisiana, Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (Incorporated by reference to Exhibit 4.5 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
4.28*	Description of the registrant's securities registered pursuant to section 12 of the Securities Exchange Act of 1934 - Description of common units
10.1	Lease Agreement between the Parish of St. James, State of Louisiana and NuStar Logistics, L.P. dated as of June 1, 2008 (Incorporated by reference to Exhibit 10.18 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.2	First Supplement and Amendment to Lease Agreement (Series 2008), dated June 1, 2020, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., NuStar Energy L.P. and NuStar Pipeline Operating Partnership L.P. (Incorporated by reference to Exhibit 10.19 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.3	Second Supplement and Amendment to Lease Agreement (Series 2008), dated July 15, 2024, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., Sunoco LP and certain of Sunoco LP's subsidiaries (Incorporated by reference to Exhibit 10.3 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
10.4	Lease Agreement Between Parish of St. James, State of Louisiana and NuStar Logistics, L.P. dated as of July 1, 2010 (Incorporated by reference to Exhibit 10.20 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.5	First Supplement and Amendment to Lease Agreement (Series 2010), dated June 1, 2020, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., NuStar Energy L.P. and NuStar Pipeline Operating Partnership L.P. (Incorporated by reference to Exhibit 10.21 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.6	Second Supplement and Amendment to Lease Agreement (Series 2010), dated July 15, 2024, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., Sunoco LP and certain of Sunoco LP's subsidiaries (Incorporated by reference to Exhibit 10.6 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
10.7	Lease Agreement between the Parish of St. James, State of Louisiana and NuStar Logistics, L.P. dated as of October 1, 2010 (Incorporated by reference to Exhibit 10.22 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.8	First Supplement and Amendment to Lease Agreement (Series 2010A), dated June 1, 2020, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., NuStar Energy L.P. and NuStar Pipeline Operating Partnership L.P. (Incorporated by reference to Exhibit 10.23 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.9	Second Supplement and Amendment to Lease Agreement (Series 2010A), dated July 15, 2024, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., Sunoco LP and certain of Sunoco LP's subsidiaries (Incorporated by reference to Exhibit 10.9 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
10.10	Lease Agreement between Parish of St. James, State of Louisiana and NuStar Logistics, L.P. dated as of December 1, 2010 (Incorporated by reference to Exhibit 10.24 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.11	First Supplement and Amendment to Lease Agreement (Series 2010B), dated June 1, 2020, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., NuStar Energy L.P. and NuStar Pipeline Operating Partnership L.P. (Incorporated by reference to Exhibit 10.25 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.12	Second Supplement and Amendment to Lease Agreement (Series 2010B), dated July 15, 2024, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., Sunoco LP and certain of Sunoco LP's subsidiaries (Incorporated by reference to Exhibit 10.12 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
10.13	Lease Agreement between Parish of St. James, State of Louisiana and NuStar Logistics, L.P. dated as of August 1, 2011 (Incorporated by reference to Exhibit 10.26 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.14	First Supplement and Amendment to Lease Agreement (Series 2011), dated June 1, 2020, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., NuStar Energy L.P. and NuStar Pipeline Operating Partnership L.P. (Incorporated by reference to Exhibit 10.27 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.15	Second Supplement and Amendment to Lease (Series 2011), dated July 15, 2024, among the Parish of St. James, State of Louisiana, NuStar Logistics, L.P., Sunoco LP and certain of Sunoco LP's subsidiaries (Incorporated by reference to Exhibit 10.15 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 18, 2024)
10.16+	Susser Petroleum Partners LP 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.2 of the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)
10.17+	First Amendment to the Susser Petroleum Partners LP 2012 Long Term Incentive Plan, dated November 4 2014 (Incorporated by reference to Exhibit 10.24 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 27, 2015)
10.18+	Form of Phantom Unit Award Agreement (Incorporated by reference to Exhibit 10.9 of the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)

10.19+	Form of Restricted Phantom Unit Agreement (Incorporated by reference to Exhibit 99.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 14, 2014)
10.20+	Form of Time -Vested Restricted Phantom Unit Award Agreement (Incorporated by reference to Exhibit 10.14 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 24, 2017)
10.21+	Sunoco GP LLC Annual Bonus Plan (Incorporated by reference to Exhibit 10.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 13, 2018)
10.22+	Sunoco GP LLC Amended and Restated Annual Bonus Plan (Incorporated by reference to Exhibit 10.7 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 16, 2024)
10.23+	Sunoco LP 2018 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 20, 2018)
10.24+	Form of Time Vested Restricted Unit/Phantom Unit Agreement (Incorporated by reference to Exhibit 10.32 of the annual report on Form 10-K (File number 001-35653) filed by the registrant on February 22, 2019)
10.25*+	Sunoco LP Long-Term Cash Restricted Unit Plan
10.26*+	Form of Cash Unit Award Agreement Under the Sunoco LP Long-Term Cash Restricted Unit Plan
10.27	Revised Form of Director Indemnification Agreement (Incorporated by reference to Exhibit 10.10 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on March 14, 2014)
10.28	Contribution Agreement, dated as of September 25, 2014, by and among Mid-Atlantic Convenience Stores, LLC, ETC M-A Acquisition LLC, Susser Petroleum Partners LP and Energy Transfer Partners, L.P (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 1, 2014)
10.29	Contribution Agreement, dated as of March 23, 2015, by and among Sunoco, LLC, ETP Retail Holdings, LLC, Sunoco LP and Energy Transfer Partners, L.P. (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on March 23, 2015)
10.30	Purchase and Sale Agreement, dated as of June 15, 2015, by and among NuStar Finance, as borrower, NuStar Energy L.P., as servicer, and NuStar and the subsidiaries of NuStar named therein, as originators (Incorporated by reference to Exhibit 10.15 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.31	Second Amendment to Purchase and Sale Agreement, dated as of September 20, 2017, by and among, NuStar Energy L.P., NS Finance and certain affiliates of NuStar as original originators and additional originators (Incorporated by reference to Exhibit 10.16 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.32	Third Amendment to Purchase and Sale Agreement, dated as of May 3, 2024, by and among NuStar Finance LLC, as buyer, NuStar Energy L.P., as servicer, and NuStar Energy L.P. and its subsidiaries named therein, as originators (Incorporated by reference to Exhibit 10.17 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
10.33	Contribution Agreement, dated as of July 14, 2015, by and among Susser Holdings Corporation, Heritage Holdings, Inc., ETP Holdco Corporation, Sunoco LP, Sunoco GP LLC and Energy Transfer Partners, L.P. (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 15, 2015)
10.34	Contribution Agreement, dated as of November 15, 2015, by and among Sunoco, LLC, Sunoco, Inc., ETP Retail Holdings, LLC, Sunoco LP, Sunoco GP LLC, and solely with respect to limited provisions therein, Energy Transfer Partners, L.P. (Incorporated by reference to Exhibit 2.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 16, 2015)
10.35	Guarantee Agreement by and among Sunoco LP, Sunoco, LLC, 7-Eleven, Inc. and SEI Fuel Services, Inc., dated as of April 6, 2017 (Incorporated by reference to Exhibit 10.2 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 6, 2017)
10.36	Guarantee of Collection, by Energy Transfer Operating, L.P. to Sunoco LP and Sunoco Finance Corp., dated May 1, 2020 (Incorporated by reference to Exhibit 10.12 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 19, 2021)
10.37	Amended and Restated Support Agreement, by and among ETC Sunoco Holdings LLC, Sunoco LP, Sunoco Finance Corp. and Energy Transfer Operating, L.P., dated May 1, 2020 (Incorporated by reference to Exhibit 10.13 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 19, 2021)
10.38	Common Unit Repurchase Agreement, by and among Sunoco LP, Heritage Holdings, Inc. and ETP Holdco Corporation, dated January 24, 2018 (Incorporated by reference to Exhibit 10.3 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 29, 2018)
10.39	Distribution Motor Fuel Agreement by and between Sunoco, LLC and 7-Eleven, Inc. and SEI Fuel Services, Inc. dated January 23, 2018 (asterisks located within the exhibit denote information which has been deleted pursuant to a confidential treatment request filed with the Securities and Exchange Commission) (Incorporated by reference to Exhibit 10.37 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 23, 2018)
10.40	First Amendment, dated as of March 29, 2019, to Distributor Motor Fuel Agreement by and between Sunoco, LLC and 7-Eleven, Inc. and SEI Fuel Services, Inc. dated as of January 23, 2018 (asterisks located within the exhibit denote information which has been redacted) (Incorporated by reference to Exhibit 10.1 of the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 9, 2019)

10.41	Third Amended and Restated Credit Agreement, dated as of May 3, 2024, by and among Sunoco LP, as borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, swingline lender and an LC issuer (Incorporated by reference to Exhibit 10.1 of the current report on Form 8-K (File Number 001-35653) filed by the registrant on May 3, 2024)
19.1*	Sunoco LP Insider Trading Policy
21.1*	List of Subsidiaries of the Registrant
22.1	List of Guarantor and Issuer Subsidiaries (Incorporated by reference to Exhibit 22.1 of the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on November 7, 2024)
23.1*	Consent of Grant Thornton LLP, independent registered public accounting firm
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act
32.1**	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002
32.2**	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002
97.1	Sunoco LP Executive Officer Incentive Compensation Clawback Policy (Incorporated by reference to Exhibit 97.1 of the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 16, 2024)
101*	Interactive data files pursuant to Rule 405 of Regulation S-T formatted in iXBRL (Inline eXtensible Business Reporting Language) in this Form 10-K include: (i) our Consolidated Balance Sheets; (ii) our Consolidated Statements of Operations; (iii) our Consolidated Statements of Comprehensive Income; (iv) our Consolidated Statements of Equity; (v) our Consolidated Statements of Cash Flows; and (vi) the notes to our Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*	Filed herewith.
**	Furnished herewith. Pursuant to SEC Release No. 33-8212, this certification will be treated as “accompanying” this Annual Report on Form 10-K and not “filed” as part of such report for purposes of Section 18 of the Securities Exchange Act, as amended, or otherwise subject to the liability of Section 18 of the Securities Exchange Act, as amended, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, except to the extent that the registrant specifically incorporates it by reference.
+	Denotes a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Sunoco LP

By: Sunoco GP LLC, its general partner

By: /s/ *Joseph Kim*

Joseph Kim

President and Chief Executive Officer

(On behalf of the registrant, and in his capacity as principal executive officer)

Date: February 14, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ *Joseph Kim* Joseph Kim	Director, President and Chief Executive Officer (Principal Executive Officer)	February 14, 2025
/s/ *Dylan A. Bramhall* Dylan A. Bramhall	Chief Financial Officer (Principal Financial Officer)	February 14, 2025
/s/ *Rick J. Raymer* Rick J. Raymer	Vice President, Controller and Principal Accounting Officer (Principal Accounting Officer)	February 14, 2025
/s/ *Ray W. Washburne* Ray W. Washburne	Chairman of the Board	February 14, 2025
/s/ *Oscar A. Alvarez* Oscar A. Alvarez	Director	February 14, 2025
/s/ *Bradley C. Barron* Bradley C. Barron	Director	February 14, 2025
/s/ *Christopher R. Curia* Christopher R. Curia	Director	February 14, 2025
/s/ *David K. Skidmore* David K. Skidmore	Director	February 14, 2025
/s/ *W. Brett Smith* W. Brett Smith	Director	February 14, 2025

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors of Sunoco GP LLC and
Unitholders of Sunoco LP

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Sunoco LP (a Delaware limited partnership) and subsidiaries (the "Partnership") as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Partnership's internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 14, 2025 expressed an unqualified opinion.

Basis for opinion

These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair values of property and equipment and intangible assets acquired in the acquisition of NuStar Energy L.P.

As described further in note 3 to the consolidated financial statements, on May 3, 2024, the Partnership completed the acquisition of NuStar Energy L.P. ("NuStar") and the assets acquired and liabilities assumed were recorded at fair value as of the transaction date. The fair values of property and equipment and intangible assets recorded in the NuStar acquisition were $6.96 billion and $195 million, respectively. The Partnership utilized third-party valuation specialists to determine the fair values of the acquired property and equipment and intangible assets. We identified the estimation of the fair values of the acquired property and equipment and intangible assets as a critical audit matter.

The principal consideration for our determination that the estimation of the fair values of the acquired property and equipment and intangible assets is a critical audit matter is that there was estimation uncertainty due to significant judgments with respect to assumptions used to estimate the future cash flows, including gross profit, earnings before interest, taxes, depreciation, and amortization, capital expenditures and discount rates as well as the valuation methodologies applied by the third-party valuation specialists, including income, market and cost approaches. This in turn led to a high degree of auditor judgment and subjectivity, in performing procedures and evaluating audit evidence related to management's forecasted future cash flows and assumptions. In addition, the audit effort involved the use of specialists to assist in performing these procedures and evaluating the audit evidence.

Our audit procedures related to the estimation of the fair value of the acquired property and equipment and intangible assets included the following procedures, among others. We tested the effectiveness of controls relating to management's review of the assumptions used to project future cash flows, the reconciliation of the future cash flows prepared by management to the data used in the valuation report prepared by the third-party specialists, and review of the valuation methodologies and assumptions applied by the third-party valuation specialists. In addition to testing the effectiveness of controls, we also performed the following:

- Assessed the reasonableness of management's future cash flows by:
  - evaluating management's significant assumptions used to project future cash flows, which included forecasted gross profit, earnings before interest, taxes, depreciation, and amortization, capital expenditures and discount rates, and
  - testing the projected future cash flows by comparing forecasted amounts to actual historical results to identify material changes and corroborating the basis for the changes, as applicable.
- Utilized a valuation specialist to evaluate:
  - the qualifications of the third-party valuation specialists engaged by the Partnership based on their credentials and experience,
  - the process used by management to develop the estimate, including valuation methodologies and assumptions used by the third-party valuation specialists and whether they were acceptable for the underlying assets and applied correctly,
  - the estimates of fair values for assets which were valued based on comparable market data and the appropriateness of the replacement costs, by performing independent market research and analyses, and
  - the appropriateness of the discount rate used by developing an independent range of acceptable discount rates and comparing those ranges to the amounts selected and applied by management.

/s/ GRANT THORNTON LLP

We have served as the Partnership's auditor since 2015.

Dallas, Texas
February 14, 2025

SUNOCO LP
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 94	$ 29
Accounts receivable, net	1,162	856
Accounts receivable from affiliates	—	20
Inventories, net	1,068	889
Other current assets	141	133
Total current assets	2,465	1,927
Property and equipment	8,914	2,970
Accumulated depreciation	(1,240)	(1,134)
Property and equipment, net	7,674	1,836
Other assets:		
Operating lease right-of-use assets, net	477	506
Goodwill	1,477	1,599
Intangible assets, net	547	544
Other non-current assets	400	290
Investments in unconsolidated affiliates	1,335	124
Total assets	$ 14,375	$ 6,826
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 1,255	$ 828
Accounts payable to affiliates	199	170
Accrued expenses and other current liabilities	457	353
Operating lease current liabilities	34	22
Current maturities of long-term debt	2	—
Total current liabilities	1,947	1,373
Operating lease non-current liabilities	479	511
Long-term debt, net	7,484	3,580
Advances from affiliates	82	102
Deferred tax liabilities	157	166
Other non-current liabilities	158	116
Total liabilities	10,307	5,848
Commitments and contingencies (Note 13)		
Equity:		
Limited partners:		
Common unitholders (136,228,535 and 84,408,014 units issued and outstanding as of December 31, 2024 and 2023, respectively)	4,066	978
Class C unitholders - held by subsidiary (16,410,780 units issued and outstanding as of December 31, 2024 and 2023)	—	—
Accumulated other comprehensive income	2	—
Total equity	4,068	978
Total liabilities and equity	$ 14,375	$ 6,826

The accompanying notes are an integral part of these consolidated financial statements.

SUNOCO LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions, except per unit data)

	Year Ended December 31,		
	2024	**2023**	**2022**
Revenues:			
Sales revenue	$ 21,588	$ 22,663	$ 25,350
Service revenue	980	254	236
Lease revenue	125	151	143
Total revenues	22,693	23,068	25,729
Costs and Expenses:			
Cost of sales	20,595	21,703	24,350
Operating expenses	545	356	338
General and administrative	277	126	120
Lease expense	72	68	63
(Gain) loss on disposal of assets and impairment charges	45	(7)	(13)
Depreciation, amortization and accretion	368	187	193
Total cost of sales and operating expenses	21,902	22,433	25,051
Operating Income	791	635	678
Other Income (Expense):			
Interest expense, net	(391)	(217)	(182)
Equity in earnings of unconsolidated affiliates	60	5	4
Gain on West Texas Sale	586	—	—
Loss on extinguishment of debt	(2)	—	—
Other, net	5	7	1
Income Before Income Tax Expense	1,049	430	501
Income tax expense	175	36	26
Net Income	874	394	475
Less: Net income attributable to noncontrolling interests	8	—	—
Net Income Attributable to Partners	$ 866	$ 394	$ 475
Net Income per Common Unit:			
Common units - basic	$ 6.04	$ 3.70	$ 4.74
Common units - diluted	$ 6.00	$ 3.65	$ 4.68
Weighted Average Common Units Outstanding:			
Common units - basic	118,529,390	84,081,083	83,755,378
Common units - diluted	119,342,038	85,093,497	84,803,698
Cash Distribution per Common Unit	$ 3.5133	$ 3.3680	$ 3.3020

The accompanying notes are an integral part of these consolidated financial statements.

SUNOCO LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in millions, except per unit data)

	Year Ended December 31,		
	2024	2023	2022
Net Income	$ 874	$ 394	$ 475
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustment	(1)	—	—
Actuarial gains related to pension and other postretirement benefit plans	3	—	—
Total other comprehensive income	2	—	—
Comprehensive Income	$ 876	$ 394	$ 475

The accompanying notes are an integral part of these consolidated financial statements.

SUNOCO LP
CONSOLIDATED STATEMENTS OF EQUITY
(Dollars in millions)

	Common Unitholders	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total
Balance at December 31, 2021	$ 811	$ —	$ —	$ 811
Cash distribution to unitholders, including incentive distributions	(359)	—	—	(359)
Unit-based compensation	14	—	—	14
Other	1	—	—	1
Net income	475	—	—	475
Balance at December 31, 2022	942	—	—	942
Cash distribution to unitholders, including incentive distributions	(371)	—	—	(371)
Unit-based compensation	17	—	—	17
Other	(4)	—	—	(4)
Net income	394	—	—	394
Balance at December 31, 2023	978	—	—	978
Cash distributions to unitholders, including incentive distributions	(566)	—	(8)	(574)
Unit-based compensation	17	—	—	17
Other comprehensive income, net of tax	—	2	—	2
NuStar acquisition	2,850	—	801	3,651
Preferred unit redemption	17	—	(801)	(784)
Common control transaction	(83)	—	—	(83)
Other	(13)	—	—	(13)
Net income	866	—	8	874
Balance at December 31, 2024	$ 4,066	$ 2	$ —	$ 4,068

The accompanying notes are an integral part of these consolidated financial statements.

SUNOCO LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31,		
	2024	2023	2022
OPERATING ACTIVITIES:			
Net income	$ 874	$ 394	$ 475
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	368	187	193
Amortization of deferred financing fees	24	8	7
(Gain) loss on disposal of assets and impairment charges	45	(7)	(13)
Loss on extinguishment of debt	2	—	—
Gain on West Texas Sale	(586)	—	—
Other non-cash, net	(7)	—	—
Non-cash unit-based compensation expense	17	17	14
Deferred income tax expense (benefit)	(14)	13	28
Inventory valuation adjustments	86	114	(5)
Equity in earnings of unconsolidated affiliates	(60)	(5)	(4)
Changes in operating assets and liabilities, net of acquisitions and divestitures:			
Accounts receivable	(212)	34	(312)
Accounts receivable from affiliates	20	(5)	(3)
Inventories, net	(265)	(182)	(172)
Other assets	43	47	(94)
Accounts payable	357	(101)	390
Accounts payable to affiliates	29	61	50
Accrued expenses and other current liabilities	(66)	43	—
Other non-current liabilities	(106)	(18)	7
Net cash provided by operating activities	549	600	561
INVESTING ACTIVITIES:			
Capital expenditures	(344)	(215)	(186)
Cash paid for acquisitions of terminals and other assets, net of cash acquired	(224)	(111)	(318)
NuStar acquisition, net of cash received	27	—	—
Proceeds from West Texas Sale	987	—	—
Distributions from unconsolidated affiliates in excess of cumulative earnings	8	9	8
Proceeds from disposal of property and equipment	23	31	32
Other	—	(2)	—
Net cash provided by (used in) investing activities	477	(288)	(464)
FINANCING ACTIVITIES:			
Senior notes borrowings	1,500	500	—
Senior notes repayments	(421)	—	—
Credit Facility borrowings	2,786	3,283	4,127
Credit Facility repayments	(3,449)	(3,772)	(3,808)
Loan origination costs	(19)	(5)	—
Preferred units redemption	(784)	—	—
Cash distributions to unitholders, including incentive distributions	(566)	(371)	(359)
Cash distributions to noncontrolling interests	(8)	—	—
Net cash used in financing activities	(961)	(365)	(40)
Net increase (decrease) in cash and cash equivalents	65	(53)	57
Cash and cash equivalents, beginning of period	29	82	25
Cash and cash equivalents, end of period	$ 94	$ 29	$ 82

SUNOCO LP
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Dollars in millions)

	Year Ended December 31,		
	2024	2023	2022
Non-cash investing and financing activities and supplemental cash flow information:			
Units issued in connection with NuStar acquisition	$ 2,850	$ —	$ —
Contribution of assets to ET-S Permian	1,159	—	—
Lease assets obtained in exchange for new lease liabilities	3	—	17
Change in note payable to affiliate	—	2	6
Payable due to seller in acquisition	—	—	10
Interest paid	339	202	176
Cash paid for income taxes, net of refunds (excluding $47 million of federal tax credits purchased from non-governmental third parties in 2024)	135	29	30

The accompanying notes are an integral part of these consolidated financial statements.

SUNOCO LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular dollar amounts, except per unit data, are in millions)

1. Organization and Principles of Consolidation

As used in this document, the terms “Partnership,” “SUN,” “we,” “us” and “our” should be understood to refer to Sunoco LP and our consolidated subsidiaries, unless the context clearly indicates otherwise.

We are a Delaware master limited partnership. We are managed by our general partner, Sunoco GP LLC (“General Partner”), which is owned by Energy Transfer LP (“Energy Transfer”). As of December 31, 2024, Energy Transfer and its subsidiaries owned 100% of the membership interest in our General Partner, 28,463,967 of our common units and all of our incentive distribution rights (“IDRs”)

We are primarily engaged in energy infrastructure and distribution of motor fuels in over 40 U.S. states, Puerto Rico, Europe and Mexico. Our midstream operations include an extensive network of over 14,000 miles of pipeline and over 100 terminals. Our fuel distribution operations serve approximately 7,400 Sunoco and partner branded locations and additional independent dealers and commercial customers.

The consolidated financial statements of Sunoco LP presented herein for the years ended December 31, 2024, 2023 and 2022, have been prepared in accordance with GAAP and pursuant to the rules and regulations of the SEC. We consolidate all wholly owned subsidiaries. All significant intercompany transactions and accounts are eliminated in consolidation.

The operations of certain pipelines and terminals in which we own an undivided interest are proportionately consolidated in the accompanying consolidated financial statements.

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no impact on net income, total equity or cash flows.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

We use fair value measurements to measure, among other items, purchased assets, investments, leases and derivative contracts. We also use them to assess impairment of properties, equipment, intangible assets and goodwill. An asset’s fair value is defined as the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. A liability’s fair value is defined as the amount that would be paid to transfer the liability to a new obligor, not the amount that would be paid to settle the liability with the creditor. Where available, fair value is based on observable market prices or parameters, or is derived from such prices or parameters. Where observable prices or inputs are not available, unobservable prices or inputs are used to estimate the current fair value, often using an internal valuation model. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the item being valued.

ASC 820 “*Fair Value Measurements and Disclosures*” prioritizes the inputs used in measuring fair value into the following hierarchy:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable;

Level 3 Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Cash, accounts receivable, certain other current assets, marketable securities, accounts payable, accrued expenses and certain other current liabilities are reflected in the consolidated balance sheets at carrying amounts, which approximate the fair value due to their short term nature.

Segment Reporting

We operate our business in three reportable segments: Fuel Distribution, Pipeline Systems and Terminals. Our Fuel Distribution segment supplies motor fuel to independently-operated dealer stations, distributors, commission agents and other consumers. Also included in our Fuel Distribution segment is lease income from properties that we lease or sublease, as well as the Partnership's credit card services, franchise royalties and retail operations in Hawaii and New Jersey. Our Pipeline Systems segment includes an integrated pipeline and terminal network comprised of refined product, crude oil and ammonia pipelines and terminals, including our investments in the J.C. Nolan and ET-S Permian joint ventures. Our Terminals segment is composed of four transmix processing facilities and 56 refined product terminals (two in Europe, six in Hawaii and 48 in the continental United States).

Acquisition Accounting

Acquisitions of assets or entities that include inputs and processes and have the ability to create outputs are accounted for as business combinations. A purchase price allocation is recorded for tangible and intangible assets acquired and liabilities assumed based on their fair value. The excess of fair value of consideration conveyed over fair value of net assets acquired is recorded as goodwill. The consolidated statements of operations and comprehensive income for the periods presented include the results of operations for each acquisition from their respective dates of acquisition.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less.

Sunoco, LLC and Sunoco Retail LLC, our indirect wholly owned subsidiary that is subject to state and federal income tax ("Sunoco Retail"), have treasury services agreements with Energy Transfer (R&M), LLC, an indirect wholly owned subsidiary of Energy Transfer, for certain cash management activities. The net balance of Sunoco LLC and Sunoco Retail activity is reflected in either "Advances to affiliates" or "Advances from affiliates" on the consolidated balance sheets.

Accounts Receivable

The majority of trade receivables are from wholesale fuel customers or from credit card companies related to retail credit card transactions. Wholesale customer credit is extended based on an evaluation of the customer's financial condition. We maintain allowances for expected credit losses based on the best estimate of the amount of expected credit losses in existing accounts receivable. Credit losses are recorded against the allowance when accounts are deemed uncollectible.

Receivables from affiliates arise from fuel sales and other miscellaneous transactions with non-consolidated affiliates. These receivables are recorded at face value, without interest or discount.

7-Eleven, Inc. is the only third-party dealer or distributor which is individually over 10% of our Fuel Distribution segment or individually over 10%, in terms of revenue, of our aggregate business.

Inventories

Fuel inventories are stated at the lower of cost or market using the last-in, first-out method ("LIFO"). Under this methodology, the cost of fuel sold consists of actual acquisition costs, which includes transportation and storage costs. Such costs are adjusted to reflect increases or decreases in inventory quantities which are valued based on changes in LIFO inventory layers.

Merchandise inventories are stated at the lower of average cost, as determined by the retail inventory method, or market. We record an allowance for shortages and obsolescence relating to merchandise inventory based on historical trends and any known changes. Shipping and handling costs are included in the cost of merchandise inventories.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were $30 million, $26 million and $25 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on a straight-line basis over the useful lives of assets. Assets under finance leases are depreciated over the life of the corresponding lease.

Amortization of leasehold improvements is based upon the shorter of the remaining terms of the leases including renewal periods that are reasonably assured, or the estimated useful lives, which approximate twenty years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Maintenance and repairs are charged to operations as incurred. Gains or losses on the disposition of property and equipment are recorded in the period incurred.

Long-Lived Assets and Assets Held for Sale

Long-lived assets are tested for possible impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If such indicators exist, the estimated undiscounted future cash flows related to the asset are compared to the carrying value of the asset. If the carrying value is greater than the estimated undiscounted future cash flows, an impairment charge is recorded in the consolidated statements of operations and comprehensive income for amounts necessary to reduce the corresponding carrying value of the asset to fair value. The impairment loss calculations require management to apply judgment in estimating future cash flows.

Properties that have been closed and other excess real property are recorded as assets held for sale, and are written down to the lower of cost or estimated net realizable value at the time we close such stores or determine that these properties are in excess and intend to offer them for sale. We estimate the net realizable value based on our experience in utilizing or disposing of similar assets and on estimates provided by our own and third-party real estate experts. Although we have not experienced significant changes in our estimate of net realizable value, changes in real estate markets could significantly impact the net values realized from the sale of assets.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of consideration paid over fair value of net assets acquired. Goodwill and intangible assets acquired in a purchase business combination are recorded at fair value as of the date acquired. Acquired intangible assets determined to have an indefinite useful life are not amortized, but are instead tested for impairment at least annually, or more frequently if events and circumstances indicate that the asset might be impaired. The annual impairment test of goodwill and indefinite lived intangible assets is performed as of the first day of the fourth quarter of each fiscal year.

The Partnership uses qualitative factors to determine whether it is more likely than not (likelihood of more than 50%) that the fair value of a reporting unit exceeds its carrying amount, including goodwill. Some of the qualitative factors considered in applying this test include consideration of macroeconomic conditions, industry and market conditions, cost factors affecting the business, overall financial performance of the business and performance of the unit price of the Partnership.

If qualitative factors are not deemed sufficient to conclude that the fair value of the reporting unit more likely than not exceeds its carrying value, then a quantitative approach is applied in making an evaluation. The quantitative evaluation utilizes multiple valuation methodologies, including a market approach (market price multiples of comparable companies), an income approach (discounted cash flow analysis), or a weighted combination of these methods. The computations require management to make significant estimates and assumptions, including, among other things, selection of comparable publicly traded companies, the discount rate applied to future earnings reflecting a weighted average cost of capital and earnings growth assumptions. The Partnership believes the estimates and assumptions used in our impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated. A discounted cash flow analysis requires management to make various assumptions about future sales, operating margins, capital expenditures, working capital and growth rates. Cash flow projections are derived from one-year budgeted amounts plus an estimate of later period cash flows, all of which are determined by management. Subsequent period cash flows are developed for each reporting unit using growth rates that management believes are reasonably likely to occur. Under the guideline company method, the Partnership determined the estimated fair value of each of our reporting units by applying valuation multiples of comparable publicly-traded companies to each reporting unit's projected EBITDA and then averaging that estimate with similar historical calculations using a three-year average. In addition, the Partnership estimated a reasonable control premium representing the incremental value that accrues to the majority owner from the opportunity to dictate the strategic and operational actions of the business. If the evaluation results in the fair value of the reporting unit being lower than the carrying value, an impairment charge is recorded.

Indefinite-lived intangible assets are composed of certain tradenames and liquor licenses which are not amortized but are evaluated for impairment annually or more frequently if events or changes occur that suggest an impairment in carrying value, such as a significant adverse change in the business climate. Indefinite-lived intangible assets are evaluated for impairment by comparing each asset's fair value to its book value. Management first determines qualitatively whether it is more likely than not that an indefinite-lived asset is impaired. If management concludes that it is more likely than not that an indefinite-lived asset is impaired, then its fair value is determined by using the discounted cash flow model based on future revenues estimated to be derived in the use of the asset.

Other Intangible Assets

Other finite-lived intangible assets consist of supply agreements, customer relations, non-compete agreements and loan origination costs. Separable intangible assets that are not determined to have an indefinite life are amortized over their useful lives and assessed for impairment only if and when circumstances warrant. Determination of an intangible asset's fair value and estimated useful life are based on an analysis of pertinent factors including: (1) the use of widely-accepted valuation approaches, such as the income approach or the cost approach, (2) the expected use of the asset by the Partnership, (3) the expected useful life of related assets, (4) any legal, regulatory or contractual provisions, including renewal or extension periods that would cause substantial costs or modifications to existing agreements and (5) the effects of obsolescence, demand, competition and other economic factors. Should any of the underlying assumptions indicate that the value of the intangible assets might be impaired, we may be required to reduce the carrying value and remaining useful life of the asset. If the underlying assumptions governing the amortization of an intangible asset were later determined to have significantly changed, we may be required to adjust its amortization period to reflect a new estimate of its useful life. Any write-down of the value or unfavorable change in the useful life of an intangible asset would increase expense at that time.

Customer relations and supply agreements are amortized on a straight-line basis over the remaining terms of the agreements, which generally range from five to twenty years. Non-compete agreements are amortized over the terms of the respective agreements.

Investments in Unconsolidated Affiliates

We own interests in certain joint ventures with Energy Transfer that are accounted for by the equity method. In general, we use the equity method of accounting for an investment for which we exercise significant influence over, but do not control, the investee’s operating and financial policies. An impairment of an investment in an unconsolidated affiliate is recognized when circumstances indicate that a decline in the investment value is other-than-temporary.

Asset Retirement Obligations

The estimated future cost to remove an underground storage tank is recognized over the estimated useful life of the storage tank. We record a discounted liability for the future fair value of an asset retirement obligation along with a corresponding increase to the carrying value of the related long-lived asset at the time an underground storage tank is installed. We then depreciate the amount added to property and equipment and recognize accretion expense in connection with the discounted liability over the remaining life of the tank. We base our estimates of the anticipated future costs for tank removal on our prior experience with removals. We review assumptions for computing the estimated liability for tank removal on an annual basis. Any change in estimated cash flows are reflected as an adjustment to both the liability and the associated asset.

Long-lived assets related to asset retirement obligations aggregated $12 million and $13 million as of December 31, 2024 and 2023, respectively, and were reflected as property and equipment, net, on our consolidated balance sheets.

Environmental Liabilities

Environmental expenditures related to existing conditions, resulting from past or current operations and from which no current or future benefit is discernible, are expensed. Expenditures that extend the life of the related property or prevent future environmental contamination are capitalized. We determine and establish a liability on a site-by-site basis when future environmental expenditures are probable and can be reasonably estimated. A related receivable is recorded for estimable and probable reimbursements.

Revenue Recognition

Revenues from our Fuel Distribution segment are derived from the sale of fuel, non-fuel and lease income. Fuel sales consist primarily of the sale of motor fuel under supply agreements with third-party customers and affiliates. Fuel supply contracts with our customers generally provide that we distribute motor fuel at a price based on a formula which includes published rates, volume-based profit margin and other terms specific to the agreement. The customer is invoiced the agreed-upon price with most payment terms ranging less than 30 days. If the consideration promised in a contract includes a variable amount, the Partnership estimates the variable consideration amount and factors in such estimate to determine the transaction price under the expected value method. Revenue is recognized under the motor fuel contracts at the point in time the customer takes control of the fuel. At the time control is transferred to the customer the sale is considered final, because the agreements do not grant customers the right to return motor fuel. To determine when control transfers to the customer, the shipping terms of the contract are assessed as a primary indicator of the transfer of control. For free on board (“FOB”) shipping point terms, revenue is recognized at the time of shipment. The performance obligation with respect to the sale of goods is satisfied at the time of shipment since the customer gains control at this time under the terms. Shipping and/or handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs. Once the goods are shipped, the Partnership is precluded from redirecting the shipment to another customer and revenue is recognized. Non-fuel revenue includes merchandise revenue that comprises the in-store merchandise and food service sales at company-operated retail stores and other revenue such as credit card processing, car washes, lottery and other services. Lease revenue is derived from leasing arrangements for which we are the lessor and recognized ratably over the term of the underlying lease.

Revenues from our Pipeline Systems segment are derived from interstate and intrastate pipeline transportation of refined products, crude oil and anhydrous ammonia and the applicable pipeline tariff on a per barrel basis for crude oil or refined products and on a per ton basis for ammonia.

Revenues from our Terminals segment include fees for tank storage agreements, under which a customer agrees to pay for a certain amount of storage in a tank over a period of time and throughput agreements, under which a customer pays a fee per barrel for volumes moving through our terminals. Our terminals also provide blending, additive injections, handling and filtering services for which we charge additional fees.

Lease Income

Lease income from leasing or subleasing of real estate is recognized on a straight-line basis over the term of the lease.

Cost of Sales

We include in cost of sales all costs incurred to acquire fuel and merchandise, including the costs of purchasing, storing and transporting inventory prior to delivery to our customers. Items are removed from inventory and are included in cost of sales based on the retail inventory method for merchandise and the LIFO method for motor fuel. Cost of sales does not include depreciation of property and equipment as amounts attributed to cost of sales would not be significant. Depreciation is classified within operating expenses in the consolidated statements of operations and comprehensive income.

Motor Fuel and Sales Taxes

Certain motor fuel and sales taxes are collected from customers and remitted to governmental agencies either directly by the Partnership or through suppliers. The Partnership's accounting policy for wholesale direct sales to dealers, distributors and commercial customers is to exclude the collected motor fuel tax from sales and cost of sales.

For retail locations where the Partnership holds inventory, including commission agent locations, motor fuel sales and motor fuel cost of sales include motor fuel taxes. Such amounts were $164 million, $274 million and $285 million for the years ended December 31, 2024, 2023 and 2022, respectively. Merchandise sales and cost of merchandise sales are reported net of sales tax in our consolidated statements of operations and comprehensive income.

Deferred Branding Incentives

We receive payments for branding incentives related to fuel supply contracts. Unearned branding incentives are deferred and amortized on a straight-line basis over the term of the agreement as a credit to cost of sales.

Lease Accounting

At the inception of each lease arrangement, we determine if the arrangement is a lease or contains an embedded lease and review the facts and circumstances of the arrangement to classify lease assets as operating or finance leases under Topic 842. The Partnership has elected not to record any leases with terms of 12 months or less on our consolidated balance sheets.

Balances related to operating leases are included in operating lease right-of-use assets, net, operating lease current liabilities and non-current operating lease liabilities on our consolidated balance sheets. Finance leases represent a small portion of the active lease agreements and are included in other non-current assets and long-term debt, net on our consolidated balance sheets. The right-of-use assets represent the Partnership's right to use an underlying asset for the lease term and lease liabilities represent the obligation of the Partnership to make minimum lease payments arising from the lease for the duration of the lease term.

The Partnership leases a portion of its properties under non-cancelable operating leases, whose initial terms are typically five to fifteen years, with options permitting renewal for additional periods. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to 20 years or greater. The exercise of lease renewal options is typically at the sole discretion of the Partnership and lease extensions are evaluated on a lease-by-lease basis. Leases containing early termination clauses typically require the agreement of both parties to the lease. At the inception of a lease, all renewal options reasonably certain to be exercised are considered when determining the lease term. The depreciable life of lease assets and leasehold improvements are limited by the expected lease term.

To determine the present value of future minimum lease payments, we use the implicit rate when readily determinable. Presently, because many of our leases do not provide an implicit rate, the Partnership applies its incremental borrowing rate based on the information available at the lease commencement date to determine the present value of minimum lease payments. The operating and finance lease right-of-use assets include any lease payments made and exclude lease incentives.

Minimum rent is expensed on a straight-line basis over the term of the lease, including renewal periods that are reasonably assured at the inception of the lease. The Partnership is typically responsible for payment of real estate taxes, maintenance expenses and insurance. The Partnership also leases certain vehicles, and such leases are typically less than five years.

For short-term leases (leases that have term of 12 months or less upon commencement), lease payments are recognized on a straight-line basis and no right-of-use assets are recorded.

Earnings Per Unit

In addition to limited partner units, we have IDRs as participating securities and compute net income per common unit using the two-class method under which any excess of distributions declared over net income shall be allocated to the partners based on their respective sharing of income specified in the Second Amended and Restated Agreement of Limited Partnership, as may be amended from time to time (the "Partnership Agreement"). Net income per unit applicable to limited partners is computed by dividing limited partners' interest in net income, after deducting any incentive distributions and distributions on unvested phantom unit awards, by the weighted average number of outstanding common units.

Defined Benefit Plans

We estimate pension and other postretirement benefit obligations and costs based on actuarial valuations. The annual measurement date for our pension and other postretirement benefit plans is December 31. The actuarial valuations require the use of certain assumptions including discount rates, expected long-term rates of return on plan assets and expected rates of compensation increase. Changes in these assumptions are primarily influenced by factors outside of our control.

Unit-Based Compensation

Under the Partnership's long-term incentive plans, various types of awards may be granted to employees, consultants and directors of our General Partner who provide services for us. Compensation expense related to outstanding awards is recognized over the vesting period based on the grant-date fair value. The grant-date fair value is determined based on the market price of our common units on the grant date. We amortize the grant-date fair value of these awards over their vesting period using the straight-line method. Expenses related to unit-based compensation are included in general and administrative expenses.

Foreign Currency Translation

The functional currencies of our foreign subsidiaries are the local currencies of the countries in which the subsidiaries are located. The assets and liabilities of our foreign subsidiaries with local functional currencies are translated to U.S. dollars at period-end exchange rates, and income and expense items are translated to U.S. dollars at weighted-average exchange rates in effect during the period. These translation adjustments are included in accumulated other comprehensive income ("AOCI") in the equity section of the consolidated balance sheets. Upon the sale or liquidation of our investment in a foreign subsidiary, translation adjustments that have historically accumulated in AOCI related to that subsidiary are released from AOCI and reported as part of the gain or loss on sale. Gains and losses on foreign currency transactions are included in other income (expense), net in the consolidated statements of operations.

Income Taxes

The Partnership is a publicly traded limited partnership and is not taxable for federal and most state income tax purposes. As a result, our earnings or losses, to the extent not included in a taxable subsidiary, for federal and most state purposes are included in the tax returns of the individual partners. Net earnings for financial statement purposes may differ significantly from taxable income reportable to Unitholders as a result of differences between the tax basis and financial basis of assets and liabilities, differences between the tax accounting and financial accounting treatment of certain items, and due to allocation requirements related to taxable income under our Partnership Agreement. We do not have access to information regarding each partner's individual tax basis in our limited partner interests.

As a publicly traded limited partnership, we are subject to a statutory requirement that our "qualifying income" (as defined by the Internal Revenue Code, related Treasury Regulations and IRS pronouncements) exceed 90% of our total gross income, determined on a calendar year basis. If our qualifying income were not to meet this statutory requirement, the Partnership would be taxed as a corporation for federal and state income tax purposes. For the years ended December 31, 2024, 2023 and 2022, our qualifying income met the statutory requirement.

The Partnership conducts certain activities through corporate subsidiaries which are subject to federal, state, local and foreign income taxes. The Partnership and its corporate subsidiaries account for income taxes under the asset and liability method.

Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in earnings in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

The determination of the provision for income taxes requires significant judgment, use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in our consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from taxing authorities. When facts and circumstances change, we reassess these probabilities and record any changes through the provision for income taxes.

Recent Accounting Pronouncements

In November 2024, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, *Income Statement–Reporting Comprehensive Income–Expense Disaggregation Disclosures (Subtopic 220-40)*. ASU 2024-03 requires disclosure of specified information about certain costs and expenses in the notes to the consolidated financial statements. ASU 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods within annual periods beginning after December 15, 2027, with early adoption permitted. ASU 2024-03 is to be applied on a prospective basis, with retrospective application permitted. We are currently evaluating the impact, if any, of ASU 2024-03 on our consolidated financial statements and related disclosures.

In December 2023, FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 improves and enhances income tax disclosure requirements, including new disclosures related to tax rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, and interim periods within annual periods beginning after December 15, 2025, with early adoption permitted. ASU 2023-09 is to be applied on a prospective basis, with retrospective application permitted. We are currently evaluating the impact, if any, of ASU 2023-09 on our consolidated financial statements and related disclosures.

3. Acquisitions, Divestitures and Other Transactions

NuStar Acquisition

On May 3, 2024, we completed the acquisition of 100% of the common units of NuStar Energy L.P. ("NuStar"). Under the terms of the agreement, NuStar common unitholders received 0.400 SUN common units for each NuStar common unit. In connection with the acquisition, we issued approximately 51.5 million common units, which had a fair value of approximately $2.85 billion, assumed debt totaling approximately $3.5 billion, including approximately $56 million of lease related financing obligations, and assumed preferred units with a fair value of approximately $800 million. NuStar has approximately 9,500 miles of pipeline and 63 terminal and storage facilities that store and distribute crude oil, refined products, renewable fuels, ammonia and specialty liquids. The acquisition is expected to diversify the Partnership's business, increase scale and provide vertical integration, as well as improving the Partnership's credit profile and enhancing growth.

The acquisition was recorded using the acquisition method of accounting which requires, among other things, that assets and liabilities assumed be recognized on the balance sheet at their estimated fair values as of the date of acquisition, with any excess purchase price over the fair value of net assets acquired recorded to goodwill. Management, with the assistance of a third-party valuation specialist, determined the fair value of assets and liabilities as of the date of the acquisition. Determining the fair value involves the use of management's judgment as well as the use of significant estimates and assumptions.

The following table summarizes the allocation of the purchase price among assets acquired and liabilities assumed:

	As of May 3, 2024
Total current assets	$ 186
Property and equipment	6,958
Operating lease right-of-use assets, net	136
Goodwill [(1)]	16
Intangible assets, net [(2)]	195
Other non-current assets	127
Total assets	7,618
Total current liabilities	245
Long-term debt, less current maturities [(3)]	3,500
Operating lease non-current liabilities	136
Deferred tax liabilities	4
Other non-current liabilities	82
Total liabilities	3,967
Preferred units [(3)]	801
Total consideration	2,850
Cash acquired	27
Total cash consideration, net of cash acquired	$ 2,823

(1) Goodwill primarily represents expected commercial and operational synergies. None of the goodwill recorded as a result of this transaction is deductible for tax purposes. Goodwill of $16 million relates to our Fuel Distribution segment.

(2) Intangible assets, net comprised $151 million of favorable contracts, with a remaining weighted average life of approximately 7 years, and $44 million of customer relationships with a remaining weighted average life of approximately 15 years.

(3) Subsequent to the closing of the NuStar acquisition, the Partnership redeemed all outstanding NuStar preferred units, totaling $784 million, redeemed NuStar's subordinated notes totaling $403 million and repaid and terminated the NuStar credit facility totaling $455 million.

Subsequent to the NuStar acquisition, the Partnership purchased a property previously leased by NuStar and cancelled the lease, resulting in an impairment of $50 million based on the value of comparable real property.

Pro Forma Results of Operations

The following unaudited pro forma consolidated results of operations for the year ended December 31, 2024 and 2023 are presented as if the NuStar acquisition had been completed on January 1, 2023.

	Year Ended December 31,	
	2024	2023
Revenues	$ 23,215	$ 24,697
Net income	802	483
Net income attributable to partners	632	352
Basic net income per Common Unit	$ 4.13	$ 2.60
Diluted net income per Common Unit	$ 4.11	$ 2.58

The pro forma consolidated results of operations include adjustments to:

- include the results of NuStar for all periods presented;
- include incremental expenses associated with the fair value adjustments recorded as a result of applying the acquisition method of accounting;
- include incremental interest expense related to financing the transactions;
- includes $83 million of expenses representing one-time costs associated with completing the transaction;
- adjust for relative changes in ownership resulting from the acquisition.

The pro forma information is not necessarily indicative of the results of operations that would have occurred had the NuStar acquisition been made at the beginning of the periods presented or the future results of the combined operations.

NuStar's revenue and net income since the acquisition date to December 31, 2024 included in our consolidated statement of operations were $949 million and $113 million, respectively.

Expenses Related to the NuStar Acquisition

As a result of the acquisition, we recognized $103 million of merger-related expenses during the year ended December 31, 2024, which are included in general and administrative expenses in our consolidated statement of operations.

Zenith European Terminals Acquisition

On March 13, 2024, we completed the acquisition of liquid fuels terminals in Amsterdam, Netherlands and Bantry Bay, Ireland from Zenith Energy for €170 million ($185 million), including working capital. The acquisition is expected to supply optimization for the Partnership's existing East Coast business and continues its focus on growing its portfolio of stable midstream income. The acquisition was recorded using the acquisition method of accounting which requires, among other things, that assets and liabilities assumed be recognized on the balance sheet at their estimated fair values as of the date of acquisition. Management, with the assistance of a third-party valuation specialist, determined the fair value of assets and liabilities as of the date of the acquisition. Determining the fair value involves the use of management's judgment as well as the use of significant estimates and assumptions. The following table summarizes the allocation of the purchase price among assets acquired and liabilities assumed:

	As of March 13, 2024
Other current assets	$ 6
Property and equipment	204
Other non-current assets	36
Deferred tax assets	6
Current liabilities	(14)
Deferred tax liabilities	(4)
Other non-current liabilities	(43)
Net assets	191
Bargain purchase gain	(6)
Total cash consideration, net of cash acquired	$ 185

Zenith European terminals revenue and net income since the acquisition date to December 31, 2024 included in our consolidated statement of operations were $43 million and $8 million, respectively.

Other Acquisition

On August 30, 2024, we acquired a terminal in Portland, Maine for approximately $24 million, including working capital. The purchase price was primarily allocated to property and equipment.

West Texas Sale

On April 16, 2024, we completed the sale of 204 convenience stores located in West Texas, New Mexico and Oklahoma to 7-Eleven, Inc. for approximately $1.0 billion, including customary adjustments for fuel and merchandise inventory. As part of the sale, SUN also amended its existing take-or-pay fuel supply agreement with 7-Eleven, Inc. to incorporate additional fuel gross profit. As a result of the sale, the Partnership recorded a $586 million gain ($442 million, net of current tax expense of $179 million and deferred tax benefit of $35 million).

ET-S Permian

Effective July 1, 2024, SUN and Energy Transfer formed ET-S Permian, a joint venture combining their respective crude oil and produced water gathering assets in the Permian Basin. Pursuant to the contribution agreement by and among the Partnership, SUN Pipeline Holdings LLC, NuStar Permian Transportation and Storage LLC, NuStar Permian Crude Logistics LLC, NuStar Permian Holdings LLC, NuStar Logistics, L.P., ET-S Permian Holdings Company LP, ET-S Permian Pipeline Company LLC, ET-S Permian Marketing Company LLC, Energy Transfer LP, and Energy Transfer Crude Marketing, LLC dated July 14, 2024, in a cashless transaction, SUN contributed all of its Permian crude oil gathering assets and operations to ET-S Permian. Energy Transfer contributed its Permian crude oil and produced water gathering assets and operations to ET-S Permian. Energy Transfer's long-haul crude pipeline network that provides transportation of crude oil out of the Permian Basin to Nederland, Houston, and Cushing is excluded from ET-S Permian.

ET-S Permian operates more than 5,000 miles of crude oil and water gathering pipelines with crude oil storage capacity in excess of 11 million barrels.

SUN holds a 32.5% interest, with Energy Transfer holding the remaining 67.5% interest in ET-S Permian. Energy Transfer serves as the operator of ET-S Permian.

Upon formation, the SUN Permian entities were deconsolidated; however, no gain or loss was recorded in net income due to the common control nature of the transaction. As of December 31, 2024, the carrying value of the Partnership's investment in ET-S Permian was $1.21 billion.

As of December 31, 2024, ET-S Permian had current assets of $273 million, noncurrent assets of $3.61 billion, current liabilities of $106 million and noncurrent liabilities of $50 million. For the six months ended December 31, 2024, ET-S Permian recognized revenues of $8.70 billion, of which approximately $8.48 billion related to transactions with affiliates, operating income of $164 million and net income of $163 million.

2023 Acquisition

On May 1, 2023, we completed the acquisition of 16 refined product terminals located across the East Coast and Midwest from Zenith Energy for approximately $111 million, including working capital. The purchase price was primarily allocated to property and equipment.

2022 Acquisitions

On November 30, 2022, we completed the acquisition of Peerless for $67 million, net of cash acquired. Peerless is an established terminal operator that distributes fuel products to over 100 locations primarily within Puerto Rico. Management, with the assistance of an independent valuation firm, determined the fair value of assets and liabilities at the date of the acquisition. Goodwill acquired in connection with the acquisition is deductible for tax purposes. The following table summarizes the final allocation of the purchase price among the assets acquired and liabilities assumed:

	November 30, 2022
Other current assets	$ 26
Property and equipment	65
Goodwill	11
Current liabilities	(15)
Deferred tax liability	(11)
Net assets	76
Cash acquired	(9)
Total cash consideration, net of cash acquired	$ 67

On April 1, 2022, we completed the acquisition of a transmix processing and terminal facility in Huntington, Indiana from Gladieux Capital Partners, LLC for $252 million, net of cash acquired. Management, with the assistance of an independent valuation firm, determined the fair value of assets and liabilities at the date of the acquisition. Goodwill acquired in connection with the acquisition is deductible for tax purposes. The following table summarizes the final allocation of the purchase price among the assets acquired and liabilities assumed:

	April 1, 2022
Inventories	$ 108
Other current assets	56
Property and equipment	73
Goodwill	20
Intangible assets	98
Current liabilities	(88)
Net assets	267
Cash acquired	(15)
Total cash consideration, net of cash acquired	$ 252

4. Accounts Receivable, net

Accounts receivable, net, consisted of the following:

	December 31, 2024	December 31, 2023
Accounts receivable, trade	$ 1,058	$ 703
Credit card receivables	28	107
Other receivables	78	47
Allowance for expected credit losses	(2)	(1)
Accounts receivable, net	$ 1,162	$ 856

5. Inventories, net

Fuel inventories are stated at the lower of cost or market using the LIFO method. As of December 31, 2024 and 2023, the Partnership's fuel inventory balance included lower of cost or market reserves of $316 million and $230 million, respectively. For the years ended December 31, 2024, 2023 and 2022, the Partnership's consolidated statements of operations and comprehensive income did not include any material amounts of income from the liquidation of LIFO fuel inventory. For the years ended December 31, 2024 and 2023, the Partnership's cost of sales included unfavorable inventory adjustments of $86 million, and $114 million, respectively, which decreased net income. For the year ended December 31, 2022, the Partnership's cost of sales included favorable inventory adjustments of $5 million, which increased net income.

Inventories, net consisted of the following:

	December 31, 2024	December 31, 2023
Fuel	$ 1,054	$ 876
Other	14	13
Inventories, net	$ 1,068	$ 889

6. Property and Equipment, net

Components and useful lives of property and equipment, net consisted of the following:

	December 31, 2024	December 31, 2023 [(1)]
Land and improvements	$ 739	$ 669
Buildings, equipment and leasehold improvements (1 to 45 years)	1,315	1,257
Pipelines (5 to 83 years)	3,553	199
Product storage and related facilities (2 to 83 years)	891	403
Right of way (20 to 83 years)	1,727	—
Other (1 to 48 years)	403	344
Construction work-in-process	286	98
Total property and equipment	8,914	2,970
Less – Accumulated depreciation	1,240	1,134
Property and equipment, net	$ 7,674	$ 1,836

(1) Certain components of property and equipment were reclassified in the current year. The balances as of December 31, 2023 reflected above have been adjusted to conform to the current year presentation. These changes did not impact total property and equipment.

Depreciation expense on property and equipment was $326 million, $139 million and $141 million for the years ended December 31, 2024, 2023 and 2022, respectively.

7. Goodwill and Intangible Assets, net

Goodwill

Goodwill balances and activity for the years ended December 31, 2024 and 2023 consisted of the following:

	Segment			
	Fuel Distribution	Pipeline Systems	Terminals	Consolidated
			(in millions)	
Balance at December 31, 2022	$ 1,364	$ —	$ 237	$ 1,601
Other adjustments	(2)	—	—	(2)
Balance at December 31, 2023	1,362	—	237	1,599
West Texas sale	(138)	—	—	(138)
NuStar acquisition	16	—	—	16
Balance at December 31, 2024	$ 1,240	$ —	$ 237	$ 1,477

During the fourth quarters of 2024, 2023 and 2022, we used qualitative factors to determine whether it was more likely than not (likelihood of more than 50%) that the fair value of a reporting unit exceeded its carrying amount. No goodwill impairment was identified for the reporting units as a result of these tests.

Intangible Assets, net

Gross carrying amounts and accumulated amortization for each major class of intangible assets, excluding goodwill, consisted of the following:

	December 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Indefinite-lived						
Tradenames	$ 302	$ —	$ 302	$ 302	$ —	$ 302
Liquor licenses	—	—	—	12	—	12
Finite-lived						
Customer relations including supply agreements	721	477	244	669	440	229
Other intangibles	8	7	1	8	7	1
Intangible assets, net	$ 1,031	$ 484	$ 547	$ 991	$ 447	$ 544

During the fourth quarters of 2024, 2023 and 2022, we performed the annual impairment tests on our indefinite-lived intangible assets. No impairments were recorded in 2024, 2023 and 2022.

Total amortization expense on finite-lived intangibles included in depreciation, amortization and accretion was $37 million, $44 million and $48 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Customer relations and supply agreements have a remaining weighted average life of approximately 10 years.

As of December 31, 2024, the Partnership's estimate of amortization for each of the five succeeding fiscal years and thereafter for finite-lived intangibles was as follows:

	Amortization
2025	$ 28
2026	28
2027	28
2028	28
2029	23
Thereafter	110
Total	$ 245

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	December 31, 2024	December 31, 2023
Wage and other employee-related accrued expenses	$ 64	$ 38
Accrued tax expense	152	182
Accrued insurance	39	30
Accrued interest expense	82	41
Dealer deposits	24	23
Accrued environmental expense	7	6
Contract liabilities	17	—
Other	72	33
Accrued expenses and other current liabilities	$ 457	$ 353

9. Debt Obligations

Our debt obligations consisted of the following:

	December 31, 2024	December 31, 2023
Credit Facility	$ 203	$ 411
5.750% senior notes due 2025 (1) (2)	600	—
6.000% senior notes due 2026 (1)	500	—
6.000% senior notes due 2027	600	600
5.625% senior notes due 2027 (1)	550	—
5.875% senior notes due 2028	400	400
7.000% senior notes due 2028	500	500
4.500% senior notes due 2029	800	800
7.000% senior notes due 2029	750	—
4.500% senior notes due 2030	800	800
6.375% senior notes due 2030 (1)	600	—
7.250% senior notes due 2032	750	—
GoZone Bonds (1) (2)	322	—
Lease-related financing obligations	132	94
Net unamortized premiums, discounts, and fair value adjustments	16	—
Deferred debt issuance costs	(37)	(25)
Total debt	7,486	3,580
Less: current maturities	2	—
Total long-term debt, net	$ 7,484	$ 3,580

(1) These senior notes and bonds, totaling $2.57 billion aggregate principal amount, were assumed by the Partnership in connection with the closing of the NuStar acquisition in May 2024.

(2) As of December 31, 2024, $600 million of senior notes and $75 million of GoZone Bonds due on or before December 31, 2025 were classified as long-term as management has the intent and ability to refinance the borrowings on a long-term basis.

At December 31, 2024, scheduled future debt maturities were as follows:

2025	$ 677
2026	502
2027	1,152
2028	902
2029	1,755
Thereafter	2,519
Total	$ 7,507

Recent Transactions

NuStar Acquisition

During the second quarter of 2024, subsequent to the closing of the NuStar acquisition, the Partnership redeemed NuStar's subordinated notes totaling $403 million and repaid and terminated NuStar's credit facility totaling $455 million. Upon the closing of the NuStar acquisition, the commitments under NuStar's receivables financing agreement were reduced to zero during a suspension period, for which the period end has not been determined. As of December 31, 2024, this facility had no outstanding borrowings.

NuStar Logistics Senior Notes. NuStar Logistics, L.P., a wholly owned subsidiary acquired in the NuStar acquisition ("NuStar Logistics") is the issuer of $2.25 billion of senior notes, including 5.750% senior notes due 2025, 6.000% senior notes due 2026, 5.625% senior notes due 2027 and 6.375% senior notes due 2030 (collectively, the "NuStar Logistics Senior Notes"). Subsequent to the closing of the NuStar acquisition, the indentures related to the Partnership's senior notes ("SUN Senior Notes") and the indentures related to NuStar Logistics' Senior Notes were amended to add certain subsidiaries as guarantors. Consequently, SUN and NuStar Logistics are each a guarantor of the other's senior notes, along with other subsidiary guarantors of each.

The NuStar Logistics Senior Notes do not have sinking fund requirements. These notes rank equally with existing senior unsecured indebtedness and senior to existing subordinated indebtedness of NuStar Logistics and contain restrictions on NuStar Logistics' ability to incur secured indebtedness unless the same security is also provided for the benefit of holders of the NuStar Logistics Senior Notes. In addition, the NuStar Logistics Senior Notes limit the ability of NuStar Logistics and its subsidiaries to, among other things, incur indebtedness secured by certain liens, engage in certain sale-leaseback transactions and engage in certain consolidations, mergers or asset sales. At the option of NuStar Logistics, the NuStar Logistics Senior Notes may be redeemed in whole or in part at any time at a redemption price, plus accrued and unpaid interest to the redemption date. If we undergo a change of control that is followed by a ratings decline that occurs within 60 days of the change of control, each holder of the applicable senior notes may require us to repurchase all or a portion of its notes at a price equal to 101% of the principal amount of the notes repurchased, plus any accrued and unpaid interest to the date of repurchase.

Gulf Opportunity Zone Revenue Bonds. NuStar Logistics' obligations also include revenue bonds issued by the Parish of St. James, Louisiana pursuant to the Gulf Opportunity Zone Act of 2005 (the "GoZone Bonds").

As reflected in the table below, the holders of the Series 2008, Series 2010B and Series 2011 GoZone Bonds are required to tender their bonds at the applicable mandatory purchase date in exchange for 100% of the principal plus accrued and unpaid interest, after which these bonds are expected to be remarketed with a new interest rate established. Each of the Series 2010 and Series 2010A GoZone Bonds is subject to redemption on or after June 1, 2030 by the Parish of St. James, at our option, in whole or in part, at a redemption price of 100% of the principal amount to be redeemed plus accrued and unpaid interest. Interest on the GoZone Bonds is payable semi-annually on June 1 and December 1 of each year.

The following table summarizes the GoZone Bonds outstanding as of December 31, 2024:

Series	Date Issued	Amount Outstanding	Interest Rate	Mandatory Purchase Date	Optional Redemption Date	Maturity Date
Series 2008	June 26, 2008	$ 56	6.10 %	June 1, 2030	n/a	June 1, 2038
Series 2010	July 15, 2010	100	6.35 %	n/a	June 1, 2030	July 1, 2040
Series 2010A	October 7, 2010	43	6.35 %	n/a	June 1, 2030	October 1, 2040
Series 2010B	December 29, 2010	48	6.10 %	June 1, 2030	n/a	December 1, 2040
Series 2011	August 9, 2011	75	5.85 %	June 1, 2025	n/a	August 1, 2041

NuStar Logistics' agreements with the Parish of St. James related to the GoZone Bonds contain: (i) customary restrictive covenants that limit the ability of NuStar Logistics and its subsidiaries to, among other things, create liens, enter into certain sale leaseback transactions, and engage in certain consolidations, mergers or asset sales; and (ii) a repurchase provision which provides that if we undergo a change of control that is followed by a ratings decline that occurs within 60 days of the change of control, then each holder may require the trustee, with funds provided by NuStar Logistics, to repurchase all or a portion of that holder's GoZone Bonds at a price equal to 101% of the aggregate principal amount repurchased, plus any accrued and unpaid interest.

SUN Senior Notes

The terms of each tranche of SUN Senior Notes are governed by indentures among the Partnership and Sunoco Finance Corp. (together, the "Issuers"), and certain other subsidiaries of the Partnership and U.S. Bank National Association, as trustee. The SUN Senior Notes are senior obligations of the Issuers and are guaranteed by all of the Partnership's existing subsidiaries and certain of its future subsidiaries. The SUN Senior Notes and guarantees are unsecured and rank equally with all of the Issuers' and each Guarantor's existing and future senior obligations. The SUN Senior Notes and guarantees are effectively subordinated to the

Issuers' and each Guarantor's secured obligations, including obligations under the Partnership's Credit Facility (as defined below), to the extent of the value of the collateral securing such obligations, and structurally subordinated to all indebtedness and obligations, including trade payables, of the Partnership's subsidiaries that do not guarantee the SUN Senior Notes.

On April 30, 2024, the Partnership issued $750 million of 7.000% senior notes due 2029 and $750 million of 7.250% senior notes due 2032 in a private offering. The Partnership used the net proceeds from the offering to: (i) repay certain outstanding indebtedness of NuStar in connection with the merger between the Partnership and NuStar, (ii) fund the redemption of NuStar's preferred units in connection with the merger and (iii) pay offering fees and expenses.

Energy Transfer guarantees collection to the Issuers with respect to the payment of the principal amount of the 5.875% senior notes due 2028. Energy Transfer is not subject to any of the covenants under the Indenture.

Credit Facility

On May 3, 2024, we entered into a Third Amended and Restated Credit Agreement among the Partnership, as borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, collateral agent, swingline lender and a letter of credit issuer (the "Credit Facility"). The Credit Facility is a $1.50 billion revolving credit facility which matures on May 3, 2029 (which date may be extended in accordance with the terms of the Credit Facility). The Credit Facility can be increased from time to time upon our written request, subject to certain conditions, up to an additional $500 million.

Borrowings under the Credit Facility will bear interest, at the Borrower's election, at a rate equal to Term SOFR (as defined therein) or a base rate (a rate based off of the higher of (a) the Federal Funds Rate (as defined therein) plus 0.500%, (b) Bank of America's prime rate and (c) one-month Term SOFR (as defined therein) plus 1.00%), in each case plus an applicable margin ranging from 1.250% to 2.250%, in the case of a Term SOFR loan, or from 0.250% to 1.25%, in the case of a base rate loan (determined with reference to the Partnership's Net Leverage Ratio as defined in the Credit Facility). Upon the first achievement by the Partnership of an investment grade credit rating, the applicable margin will decrease to a range of 1.125% to 1.750%, in the case of a Term SOFR loan, or from 0.125% to 0.750%, in the case of a base rate loan (determined with reference to the credit rating for the Partnership's senior, unsecured, non-credit enhanced long-term debt and the Partnership's corporate issuer rating). Interest is payable quarterly if the base rate applies, and at the end of the applicable interest period if Term SOFR applies. In addition, the unused portion of the Partnership's Credit Facility will be subject to a commitment fee ranging from 0.250% to 0.350%, based on the Partnership's Net Leverage Ratio. Upon the first achievement by the Partnership of an investment grade credit rating, the commitment fee will decrease to a range of 0.125% to 0.350%, based on the Partnership's credit rating as described above.

The Credit Facility requires the Partnership to maintain a Net Leverage Ratio of not more than 5.50 to 1.00 before the first achievement by the Partnership of an investment grade credit rating, and from and after the first occurrence of an investment grade credit rating, a Net Leverage Ratio of not more than 5.00 to 1.00. The maximum Net Leverage Ratio is subject to upwards adjustment after the achievement by the Partnership of an investment grade credit rating to not more than 5.50 to 1.00 for a period not to exceed three fiscal quarters in the event the Partnership engages in certain specified acquisitions of not less than $50 million (as permitted under the Credit Facility). The Credit Facility also requires the Partnership to maintain an Interest Coverage Ratio (as defined in the Credit Facility) of not less than 2.25 to 1.00.

Indebtedness under the Credit Facility is guaranteed by material domestic subsidiaries of the Partnership and other subsidiaries for which the Partnership elects to provide guarantees.

As of December 31, 2024, the balance on the Credit Facility was $203 million, and $43 million in standby letters of credit were outstanding. The unused availability on the Credit Facility at December 31, 2024 was $1.25 billion. The weighted average interest rate on the total amount outstanding at December 31, 2024 was 6.57%. The Partnership was in compliance with all financial covenants at December 31, 2024. The Partnership's net leverage ratio was 4.08 to 1.00 at December 31, 2024.

Lease-Related Financing Obligations

Southside Oil, LLC, a subsidiary of the Partnership, is a party to a sale leaseback transaction that did not meet the criteria for sale leaseback accounting. This transaction was accounted for as a financing arrangement over the course of the lease agreement. The obligations mature in varying dates through 2058, require monthly interest and principal payments, and bear interest at 11.865%. As of December 31, 2024 and 2023, the balance of the sale leaseback financing obligation was $85 million.

Lease-related financing obligations also include finance lease obligations of $47 million and $9 million as of December 31, 2024 and 2023, respectively. See further discussion in Note 13.

Fair Value of Debt

The aggregate estimated fair value and carrying amount of our consolidated debt obligations as of December 31, 2024 were $7.45 billion and $7.49 billion, respectively. As of December 31, 2023, the aggregate fair value and carrying amount of our consolidated debt obligations were $3.48 billion and $3.58 billion, respectively. The fair value of our consolidated debt obligations is a Level 2 valuation based on the respective debt obligations' observable inputs for similar liabilities.

10. Other Non-Current Liabilities

Other non-current liabilities consisted of the following:

	December 31, 2024	December 31, 2023
Asset retirement obligations	$ 84	$ 84
Accrued environmental expense, long-term	21	12
Other	53	20
Other non-current liabilities	$ 158	$ 116

We record an asset retirement obligation for the estimated future cost to remove underground storage tanks. Revisions to the liability could occur due to changes in tank removal costs, tank useful lives or if federal and/or state regulators enact new guidance on the removal of such tanks. Changes in the carrying amount of asset retirement obligations for the years ended December 31, 2024 and 2023 were as follows:

	Year Ended December 31,	
	2024	2023
Balance at beginning of year	$ 84	$ 81
Liabilities incurred	4	—
Liabilities settled	(8)	(1)
Accretion expense	4	4
Balance at end of year	$ 84	$ 84

11. Related Party Transactions

We are party to fee-based commercial agreements with various affiliates of Energy Transfer for pipeline, terminalling and storage services. We also have agreements with subsidiaries of Energy Transfer for the purchase and sale of fuel. Additionally, under our partnership agreement, our General Partner does not receive a management fee or other compensation for its role as our general partner. However, our General Partner is reimbursed for all expenses incurred on our behalf. These expenses include shared service fees, as well as all other expenses necessary or appropriate to the conduct of our business that are allocable to us, as provided for in our partnership agreement. There is no cap on the amount that may be paid or reimbursed to our General Partner.

Summary of Related Party Transactions

Related party transactions for the years ended December 31, 2024, 2023 and 2022 were as follows:

	Year Ended December 31,		
	2024	2023	2022
Motor fuel sales to affiliates	$ 28	$ 42	$ 52
Bulk fuel purchases from affiliates	1,463	1,661	2,188
Expense reimbursement	35	34	33

Significant affiliate balances included on our consolidated balance sheets were as follows:

- Accounts receivable from affiliates were nil and $20 million at December 31, 2024 and 2023, respectively, which were primarily related to motor fuel sales to affiliates.
- Accounts payable to affiliates were $199 million and $170 million as of December 31, 2024 and 2023, respectively, which were attributable to operational expenses and bulk fuel purchases.
- Advances from affiliates were $82 million and $102 million at December 31, 2024 and 2023, respectively, which were related to treasury services agreements with Energy Transfer.

Investments in Unconsolidated Affiliates

Our investment in the J.C. Nolan joint venture was $123 million and $124 million as of December 31, 2024 and 2023, respectively. In addition, we recorded equity in earnings of unconsolidated affiliates related to this investment of $7 million, $5 million and $4 million for the years ended December 31, 2024, 2023 and 2022, respectively.

As discussed in Note 3, effective July 1, 2024, SUN and Energy Transfer announced the formation of ET-S Permian, combining their respective crude oil and produced water gathering assets in the Permian Basin. Our investment in ET-S Permian was $1.21 billion as of December 31, 2024. We recorded equity in earnings from ET-S Permian of $53 million for the six months ended December 31, 2024.

Summarized Financial Information

The following tables present aggregated selected balance sheet and income statement data for our unconsolidated affiliates, J.C. Nolan and ET-S Permian (on a 100% basis), for all periods presented:

	December 31, 2024	December 31, 2023
Current assets	$ 650	$ 7
Property, plant and equipment, net	3,542	244
Other assets	310	—
Total assets	$ 4,502	$ 251
Current liabilities	$ 477	$ 3
Non-current liabilities	49	—
Equity	3,976	248
Total liabilities and equity	$ 4,502	$ 251

	Year Ended December 31, 2024	2023	2022
Revenues	$ 8,267	$ 34	$ 32
Operating income	176	10	8
Net income	176	10	8

12. Revenue

Disaggregation of Revenue

Revenues from our Fuel Distribution segment are derived from the sale of fuel, non-fuel and lease income. Fuel sales consist primarily of the sale of motor fuel under supply agreements with third-party customers and affiliates. Fuel supply contracts with our customers generally provide that we distribute motor fuel at a price based on a formula which includes published rates, volume-based profit margin and other terms specific to the agreement. The customer is invoiced the agreed-upon price with most payment terms ranging less than 30 days. If the consideration promised in a contract includes a variable amount, the Partnership estimates the variable consideration amount and factors in such estimate to determine the transaction price under the expected value method. Revenue is recognized under the motor fuel contracts at the point in time the customer takes control of the fuel. At the time control is transferred to the customer the sale is considered final, because the agreements do not grant customers the right to return motor fuel. To determine when control transfers to the customer, the shipping terms of the contract are assessed as a primary indicator of the transfer of control. For FOB shipping point terms, revenue is recognized at the time of shipment. The performance obligation with respect to the sale of goods is satisfied at the time of shipment since the customer gains control at this time under the terms. Shipping and/or handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs. Once the goods are shipped, the Partnership is precluded from redirecting the shipment to another customer and revenue is recognized. Non-fuel revenue includes merchandise revenue that comprises the in-store merchandise and food service sales at company-operated retail stores and other revenue such as credit card processing, car washes, lottery and other services. Lease revenue is derived from the leasing or subleasing of real estate used in the retail distribution of motor fuels.

Revenues from our Pipeline Systems segment are derived from interstate and intrastate pipeline transportation of refined products, crude oil and anhydrous ammonia and the applicable pipeline tariff on a per barrel basis for crude oil or refined products and on a per ton basis for ammonia.

Revenues from our Terminals segment include fees for tank storage agreements, under which a customer agrees to pay for a certain amount of storage in a tank over a period of time (storage terminal revenues) and throughput agreements, under which a customer pays a fee per barrel for volumes moving through our terminals (throughput terminal revenues). Our terminals also provide blending, additive injections, handling and filtering services for which we charge additional fees. Additionally, we lease certain of our storage tanks in exchange for a fixed fee, subject to an annual consumer price index adjustment. We recognized lease revenues from these leases of $31 million for the year ended December 31, 2024, which are included in "Service revenue" in our consolidated statement of operations.

The following table depicts the disaggregation of revenue:

	Year Ended December 31,		
	2024	2023	2022
Fuel	$ 21,362	$ 22,520	$ 25,209
Non-fuel	294	284	277
Lease income	125	151	143
Pipeline throughput	457	—	—
Terminal throughput	102	61	49
Other	353	52	51
Total revenues	$ 22,693	$ 23,068	$ 25,729

Contract Balances with Customers

The Partnership satisfies its performance obligations by transferring goods or services in exchange for consideration from customers. The timing of performance may differ from the timing the associated consideration is paid to or received from the customer, thus resulting in the recognition of a contract asset or a contract liability.

The Partnership recognizes a contract asset when making upfront consideration payments to certain customers. The upfront considerations represent a pre-paid incentive, as these payments are not made for distinct goods or services provided by the customer. The pre-payment incentives are recognized as a contract asset upon payment and amortized as a reduction of revenue over the term of the specific agreement.

The Partnership recognizes a contract liability if the customer's payment of consideration precedes the Partnership's fulfillment of the performance obligations, which primarily result from contracts with an incentive pricing structure, contributions in aid of construction ("CIAC") payments (as discussed below), and contracts with minimum volume commitment We maintain some franchise agreements requiring dealers to make one-time upfront payments for long-term license agreements. The Partnership recognizes a contract liability when the upfront payment is received and recognizes revenue over the term of the license.

The balances of the Partnership's contract assets and contract liabilities as of December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023	Increase/ (Decrease)
Contract assets	$ 288	$ 256	$ 32
Accounts receivable from contracts with customers	1,084	809	275
Contract liabilities	39	—	39

The following table summarizes the consolidated activity of our contract liabilities:

	Contract Liabilities
Balance, December 31, 2023	$ —
NuStar acquisition	78
Zenith European terminals acquisition	3
ET-S Permian	(29)
Other additions	26
Revenue recognized	(39)
Balance, December 31, 2024	$ 39

Costs to Obtain or Fulfill a Contract

The Partnership recognizes an asset from the costs incurred to obtain a contract (e.g. sales commissions) only if it expects to recover those costs. On the other hand, the costs to fulfill a contract are capitalized if the costs are specifically identifiable to a contract, would result in enhancing resources that will be used in satisfying performance obligations in the future, and are expected to be recovered. These capitalized costs are recorded as a part of other current assets and other non-current assets on our consolidated balance sheets and are amortized as a reduction of revenue on a systematic basis consistent with the pattern of transfer of the goods or services to which such costs relate. The amount of amortization on these capitalized costs that the Partnership recognized in the years ended December 31, 2024, 2023 and 2022 was $35 million, $29 million and $22 million, respectively. The Partnership has also made a policy election of expensing the costs to obtain a contract, as and when they are incurred, in cases where the expected amortization period is one year or less.

Performance Obligations

At contract inception, the Partnership assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, the Partnership considers all the goods or services promised in the contract, whether explicitly stated or implied based on customary business practices. For a contract that has more than one performance obligation, the Partnership allocates the total contract consideration to each distinct performance obligation on a relative standalone selling price basis. Revenue is recognized when (or as) the performance obligations are satisfied, that is, when the customer obtains control of the good or the service is provided.

The Partnership distributes fuel under long-term contracts to branded distributors, branded and unbranded third-party dealers and branded and unbranded retail fuel outlets. Sunoco-branded supply contracts with distributors generally have both time and volume commitments that establish contract duration. These contracts have an initial term of approximately ten years, with an estimated, volume-weighted term remaining of approximately five years.

The Partnership is party to a 15-year take-or-pay fuel supply agreement with 7-Eleven, Inc. and SEI Fuel Services, Inc. (collectively, the "Distributor") in which the Distributor is required to purchase a volume of fuel that provides the Partnership a minimum amount of gross profit annually. We expect to recognize this revenue in accordance with the contract as we transfer control of the product to the customer. However, in case of an annual shortfall we will recognize the amount payable by the Distributor at the sooner of the time at which the Distributor makes up the shortfall or becomes contractually or operationally unable to do so. The transaction price of the contract is variable in nature, fluctuating based on market conditions. The Partnership has elected to take the practical expedient not to estimate the amount of variable consideration allocated to wholly unsatisfied performance obligations. 7-Eleven, Inc. accounted for approximately 18% and 20% of total revenues for the years ended December 31, 2024 and 2023, respectively.

In some contractual arrangements, the Partnership grants dealers a franchise license to operate the Partnership's retail stores over the life of a franchise agreement. In return for the grant of the retail store license, the dealer makes a one-time nonrefundable franchise fee payment to the Partnership plus sales based royalties payable to the Partnership at a contractual rate during the period of the franchise agreement. Under the requirements of ASC Topic 606, the franchise license is deemed to be a symbolic license for which recognition of revenue over time is the most appropriate measure of progress toward complete satisfaction of the performance obligation. Revenue from this symbolic license is recognized evenly over the life of the franchise agreement.

In certain instances, our customers reimburse us for capital projects, in arrangements referred to as CIAC. Typically, in these instances, we receive upfront payments for future services, which are included in the transaction price of the underlying service contract.

Remaining Performance Obligations

The following table presents our estimated revenues from contracts with customers for remaining performance obligations that have not yet been recognized, representing our contractually committed revenue as of December 31, 2024.

	Remaining Performance Obligations
2025	$ 374
2026	267
2027	179
2028	135
2029	90
Thereafter	237
Total	$ 1,282

Practical Expedients Selected by the Partnership

The Partnership elected the following practical expedients in accordance with ASC 606:

- **Significant financing component** - The Partnership elected not to adjust the promised amount of consideration for the effects of a significant financing component if the Partnership expects at contract inception that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

- **Incremental costs of obtaining a contract** - The Partnership elected to expense the incremental costs of obtaining a contract when the amortization period for such contracts would have been one year or less.
- **Shipping and handling costs** - The Partnership elected to account for shipping and handling activities that occur after the customer has obtained control of a good as fulfillment activities (i.e., an expense) rather than as a promised service.
- **Measurement of transaction price** - The Partnership has elected to exclude from the measurement of transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Partnership from a customer (i.e., sales tax, value added tax, etc.).
- **Variable consideration of wholly unsatisfied performance obligations** - The Partnership has elected to exclude the estimate of variable consideration to the allocation of wholly unsatisfied performance obligations.

13. Commitments and Contingencies

Lessee Accounting

The Partnership leases retail stores, other property and equipment under non-cancellable operating leases whose initial terms are typically five to 30 years, with some having a term of 40 years or more, along with options that permit renewals for additional periods. At the inception of each, we determine if the arrangement is a lease or contains an embedded lease and review the facts and circumstances of the arrangement to classify leased assets as operating or finance under Topic 842. The Partnership has elected not to record any leases with terms of 12 months or less on our consolidated balance sheets.

At this time, the majority of active leases within our portfolio are classified as operating leases. Operating leases are included in operating lease right-of-use assets, net, operating lease current liabilities and operating lease non-current liabilities on our consolidated balance sheets. Finance leases represent a small portion of the active lease agreements and are included in other non-current assets and long-term debt, net on our consolidated balance sheets. The right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make minimum lease payments arising from the lease for the duration of the lease term.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from one year to 20 years or greater. The exercise of lease renewal options is typically at our discretion. Additionally, many leases contain early termination clauses, however early termination typically requires the agreement of both parties to the lease. At lease inception, all renewal options reasonably certain to be exercised are considered when determining the lease term. At this time, the Partnership does not have leases that include options to purchase or automatic transfer of ownership of the leased property to the Partnership. The depreciable life of leased assets and leasehold improvements are limited by the expected lease term.

To determine the present value of future minimum lease payments, we use the implicit rate when readily determinable. At this time, many of our leases do not provide an implicit rate, therefore to determine the present value of minimum lease payments we use our incremental borrowing rate based on the information available at lease commencement date. The right-of-use assets also include any lease payments made and exclude lease incentives.

Minimum rent payments are expensed on a straight-line basis over the term of the lease. In addition, some leases may require additional contingent or variable lease payments based on factors specific to the individual agreement. Variable lease payments we are typically responsible for include payment of real estate taxes, maintenance expenses and insurance.

The components of lease expense consisted of the following:

		Year Ended December 31,	
Lease cost	**Classification**	**2024**	**2023**
Operating lease costs:			
Operating lease cost	Lease expense	$ 50	$ 51
Finance lease costs:			
Amortization of leased assets	Depreciation, amortization and accretion	1	—
Interest on lease liabilities	Interest expense	2	—
Short-term lease cost	Lease expense	4	2
Variable lease cost	Lease expense	18	15
Sublease income	Lease income	(45)	(42)
Net lease cost		$ 30	$ 26

Lease term and discount rate	December 31, 2024	December 31, 2023
Weighted average remaining lease term (years)		
Operating leases	19	22
Finance leases	18	27
Weighted average discount rate (%)		
Operating leases	6 %	6 %
Finance leases	6 %	4 %

	Year Ended December 31,	
Other information	2024	2023
Cash paid for amount included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (49)	$ (51)
Operating cash flows from finance leases	(1)	—
Financing cash flows from finance leases	(1)	—
Leased assets obtained in exchange for new finance lease liabilities	—	—
Leased assets obtained in exchange for new operating lease liabilities	3	—

Maturities of lease liabilities as of December 31, 2024 were as follows:

	Operating leases	Finance leases	Total
2025	$ 55	$ 4	$ 59
2026	54	4	58
2027	53	4	57
2028	51	4	55
2029	49	4	53
Thereafter	580	54	634
Total lease payments	842	74	916
Less: interest	329	27	356
Present value of lease liabilities	$ 513	$ 47	$ 560

Lessor Accounting

The Partnership leases or subleases a portion of its real estate portfolio to third-party companies as a stable source of long-term revenue. Our lessor and sublease portfolio consists mainly of operating leases with convenience store operators. At this time, most lessor agreements contain five-year terms with renewal options to extend and early termination options based on established terms specific to the individual agreement. Additionally, we lease certain of our storage tanks in exchange for a fixed fee, subject to an annual consumer price index adjustment.

Minimum future lease payments receivable as of December 31, 2024 were as follows:

2025	$ 139
2026	121
2027	93
2028	73
2029	61
Thereafter	356
Total undiscounted cash flows	$ 843

Litigation and Contingencies

We may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business. In the ordinary course of business, we are sometimes threatened with or named as a defendant in various lawsuits seeking actual and punitive damages for personal injury and property damage. We maintain liability insurance with insurers in amounts and with coverage and deductibles management believes are reasonable and prudent, and which are generally accepted in the industry. However, there can be no assurance that the levels of insurance protection currently in effect will continue to be available at reasonable prices or that such levels will remain adequate to protect us from material expenses related to personal injury or property damage in the future. In addition, various regulatory agencies such as tax authorities, environmental agencies, or other such agencies may perform audits or reviews to ensure proper compliance with regulations. We are not fully insured for any claims that may arise from these various agencies and there can be no assurance that any claims arising from these activities would not have an adverse, material effect on our consolidated financial statements.

Environmental Remediation

We are subject to various federal, state and local environmental laws and make financial expenditures in order to comply with regulations governing underground storage tanks adopted by federal, state and local regulatory agencies. In particular, at the federal level, the Resource Conservation and Recovery Act of 1976, as amended, requires the EPA to establish a comprehensive regulatory program for the detection, prevention and cleanup of leaking underground storage tanks (e.g. overfills, spills and underground storage tank releases).

Federal and state regulations require us to provide and maintain evidence that we are taking financial responsibility for corrective action and compensating third parties in the event of a release from our underground storage tank systems and terminals. In order to comply with these requirements, we have historically obtained private insurance in the states in which we operate. These policies provide protection from third-party liability claims. During 2024, our coverage was $15 million per occurrence and in the aggregate. Our sites continue to be covered by these policies.

We are currently involved in the investigation and remediation of contamination at motor fuel storage and gasoline store sites where releases of regulated substances have been detected. We accrue for anticipated future costs and the related probable state reimbursement amounts for remediation activities. Accordingly, we have recorded estimated undiscounted liabilities for these sites totaling $28 million and $18 million as of December 31, 2024 and 2023, respectively, which are classified as accrued expenses and other current liabilities and other non-current liabilities.

14. Assets Under Operating Leases

The balances of property and equipment that are being leased to third parties were as follows:

	December 31, 2024	December 31, 2023 [(1)]
Land and improvements	$ 513	$ 392
Buildings, equipment and leasehold improvements	556	774
Pipelines	217	3
Product storage and related facilities	283	135
Other	39	46
Construction work-in-process	64	—
Total property and equipment	1,672	1,350
Less: Accumulated depreciation	(449)	(563)
Property and equipment, net	$ 1,223	$ 787

[(1)] Certain components of property and equipment under operating leases were reclassified in the current year. The balances as of December 31, 2023 reflected above have been adjusted to conform to the current year presentation. These changes did not impact total property and equipment under operating leases.

15. Interest Expense, net

Components of net interest expense were as follows:

	Year Ended December 31,		
	2024	2023	2022
Interest expense	$ 380	$ 212	$ 176
Amortization of deferred financing fees	24	8	7
Interest income	(13)	(3)	(1)
Interest expense, net	$ 391	$ 217	$ 182

16. Income Tax Expense

As a partnership, we are generally not subject to federal income tax and most state income taxes. However, the Partnership conducts certain activities through corporate subsidiaries which are subject to federal and state income taxes.

The Partnership's income before income tax expense by geographic area is shown in the table below:

	Year Ended December 31,		
	2024	2023	2022
United States	$ 1,040	$ 430	$ 501
Foreign	9	—	—
Total	$ 1,049	$ 430	$ 501

The components of the federal and state income tax expense (benefit) are summarized as follows:

	Year Ended December 31,		
	2024	2023	2022
Current:			
Federal	$ 152	$ 16	$ —
State	37	7	(2)
Total current income tax expense (benefit)	189	23	(2)
Deferred:			
Federal	(19)	9	24
State	5	4	4
Total deferred tax expense (benefit)	(14)	13	28
Income tax expense	$ 175	$ 36	$ 26

Our effective tax rate differs from the statutory rate primarily due to Partnership earnings that are not subject to U.S. federal and most state income taxes at the Partnership level. A reconciliation of income tax expense at the U.S. federal statutory rate to net income tax expense is as follows:

	Year Ended December 31,		
	2024	2023	2022
		(in millions)	
Income tax expense at United States statutory rate	$ 220	$ 90	$ 105
Increase (reduction) in income taxes resulting from:			
Partnership earnings not subject to tax	(84)	(64)	(74)
Non-deductible goodwill	9	—	—
State and local tax, including federal expense	33	10	1
Other	(3)	—	(6)
Income tax expense	$ 175	$ 36	$ 26

Deferred taxes result from the temporary differences between financial reporting carrying amounts and the tax basis of existing assets and liabilities. Principal components of deferred tax assets and liabilities were as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets:		
Net operating and other loss carry forwards	$ 16	$ 3
Other	18	21
Total deferred tax assets	34	24
Deferred tax liabilities:		
Property and equipment	49	55
Trademarks and other intangibles	82	91
Investments in affiliates	53	44
Other	1	—
Total deferred tax liabilities	185	190
Net deferred income tax liabilities	$ 151	$ 166

As of December 31, 2024, Sunoco Retail, a corporate subsidiary of the Partnership, had a state net operating loss carryforward of $20 million, which we expect to fully utilize. Sunoco Retail has no federal net operating loss carryforward. A foreign subsidiary of Sunoco Retail LLC had a net operating loss carryforward of $56 million, which we expect to fully utilize.

As of December 31, 2024, we had $11 million ($8 million after federal income tax benefits) related to tax positions which, if recognized, would impact our effective tax rate. We did not recognize any changes in unrecognized tax benefits in 2024, 2023 or 2022.

We accrue interest and penalties on income tax underpayments (overpayments) as a component of income tax expense. During 2024, we recognized interest and penalties of $1 million. At December 31, 2024, we had interest and penalties accrued of $4 million, net of taxes.

The IRS is auditing a 2018 income tax refund claim filed by a wholly owned subsidiary of the Partnership. In general, the Partnership and its subsidiaries are no longer subject to examination by the IRS and most state jurisdictions for 2018 and prior years.

17. Partners' Capital

As of December 31, 2024, Energy Transfer and its subsidiaries owned 28,463,967 common units, which constitutes a 18.6% limited partner interest in the Partnership. As of December 31, 2024, our wholly owned consolidated subsidiaries owned 16,410,780 Class C units representing limited partner interests in the Partnership (the "Class C Units") and the public owned 107,764,568 common units.

Common Units

Common unit activity for the years ended December 31, 2024 and 2023 was as follows:

	Number of Units
Number of common units at December 31, 2022	84,054,765
Phantom unit vesting	353,249
Number of common units at December 31, 2023	84,408,014
Phantom unit vesting	277,421
NuStar acquisition	51,543,100
Number of common units at December 31, 2024	136,228,535

Allocation of Net Income

Our Partnership Agreement contains provisions for the allocation of net income and loss to the unitholders. For purposes of maintaining partner capital accounts, the Partnership Agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interest. Normal allocations according to percentage interests are made after giving effect, if any, to priority income allocations in an amount equal to incentive cash distributions allocated 100% to Energy Transfer.

The calculation of net income allocated to common unitholders was as follows:

	Year Ended December 31,		
	2024	2023	2022
Attributable to Common Units			
Distributions declared	$ 478	$ 284	$ 277
Distributions (in excess of) less than net income	238	27	120
Common unitholders' interest in net income	$ 716	$ 311	$ 397

Class C Units

The Partnership has outstanding an aggregate of 16,410,780 Class C Units, all of which are held by wholly owned subsidiaries of the Partnership.

Class C Units (i) are not convertible or exchangeable into Common Units or any other units of the Partnership and are non-redeemable; (ii) are entitled to receive distributions of available cash of the Partnership (other than available cash derived from or attributable to any distribution received by the Partnership from Sunoco Retail, the proceeds of any sale of the membership interests of Sunoco Retail, or any interest or principal payments received by the Partnership with respect to indebtedness of Sunoco Retail or its subsidiaries) at a fixed rate equal to $0.8682 per quarter for each Class C Unit outstanding; (iii) do not have the right to vote on any matter except as otherwise required by any non-waivable provision of law; (iv) are not allocated any items of income, gain, loss, deduction or credit attributable to the Partnership's ownership of, or sale or other disposition of, the membership interests of Sunoco Retail, or the Partnership's ownership of any indebtedness of Sunoco Retail or any of its subsidiaries ("Sunoco Retail Items"); (v) will be allocated gross income (other than from Sunoco Retail Items) in an amount equal to the cash distributed to the holders of Class C Units and (vi) will be allocated depreciation, amortization and cost recovery deductions as if the Class C Units were Common Units and 1% of certain allocations of net termination gain (other than from Sunoco Retail Items).

Pursuant to the terms described above, these distributions do not have an impact on the Partnership's consolidated cash flows and as such, are excluded from total cash distributions and allocation of limited partners' interest in net income.

Incentive Distribution Rights

The following table illustrates the percentage allocations of available cash from operating surplus between our common unitholders and the holder of our IDRs based on the specified target distribution levels, after the payment of distributions to Class C unitholders. The amounts set forth under "marginal percentage interest in distributions" are the percentage interests of our IDR holder and the common unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column "total quarterly distribution per common unit target amount." The percentage interests shown for our common unitholders and our IDR holder for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. Energy Transfer currently owns our IDRs.

		Marginal percentage interest in distributions	
	Total quarterly distribution per Common unit target amount	Common Unitholders	Holder of IDRs
Minimum Quarterly Distribution	$0.4375	100 %	—
First Target Distribution	Above $0.4375 up to $0.503125	100 %	—
Second Target Distribution	Above $0.503125 up to $0.546875	85 %	15 %
Third Target Distribution	Above $0.546875 up to $0.656250	75 %	25 %
Thereafter	Above $0.656250	50 %	50 %

Cash Distributions

Our Partnership Agreement sets forth the calculation used to determine the amount and priority of cash distributions that the common unitholders receive.

Cash distributions paid or to be paid were as follows:

	Common Units		
Payment Date	Per Unit Distribution	Total Cash Distribution	Distribution to IDR Holders
February 18, 2022	$ 0.8255	$ 69	$ 18
May 19, 2022	0.8255	69	18
August 19, 2022	0.8255	69	18
November 18, 2022	0.8255	69	18
February 21, 2023	0.8255	69	18
May 22, 2023	0.8420	71	19
August 21, 2023	0.8420	71	19
November 20, 2023	0.8420	71	19
February 20, 2024	0.8420	71	19
May 20, 2024	0.8756	119	36
August 19, 2024	0.8756	119	36
November 19, 2024	0.8756	119	36
February 19, 2025	0.8865	121	37

Accumulated Other Comprehensive Income

The following table presents the components of AOCI, net of tax:

	December 31, 2024	December 31, 2023
Foreign currency translation adjustment	$ (1)	$ —
Actuarial gains related to pensions and other postretirement benefits	3	—
Total accumulated other comprehensive income included in partners' capital, net of tax	$ 2	$ —

18. Employee Benefit Plans

Pension and Other Postretirement Benefits

The NuStar Pension Plan (the "Pension Plan") is a qualified non-contributory defined benefit pension plan that provided certain eligible NuStar employees with retirement income as calculated under a cash balance formula. Under the cash balance formula, benefits were determined based on age, years of vesting service and interest credits, and employees become fully vested in their benefits upon attaining three years of vesting service.

NuStar also maintained an excess pension plan (the "Excess Pension Plan"), which is a non qualified deferred compensation plan that provides benefits to a select group of management or other highly compensated employees. Neither the Excess Thrift Plan nor the Excess Pension Plan is intended to constitute either a qualified plan under the provisions of Section 401 of the Code or a funded plan subject to the Employee Retirement Income Security Act.

The Pension Plan and Excess Pension Plan are collectively referred to as the "Pension Plans" in the tables and discussion below. Other postretirement benefit plans include NuStar's contributory medical benefits plan for U.S. employees who retired prior to April 1, 2014 and, for employees who retire on or after April 1, 2014, a partial reimbursement for eligible third-party health care premiums. We use December 31 as the measurement date for our pension and other postretirement plans.

We made no contributions to the Pension Plans subsequent to the NuStar acquisition, and the Pension Plan was terminated on November 30, 2024.

The changes in the benefit obligation, the changes in fair value of plan assets, the funded status and the amounts recognized in the consolidated balance sheets for our Pension Plans and other postretirement benefit plans as of December 31, 2024 were as follows:

	Pension Plans	Other Postretirement Benefit Plans
Change in benefit obligation:		
Benefit obligation at beginning of period	$ —	$ —
NuStar acquisition	152	12
Service cost	1	—
Interest cost	5	1
Plan amendments	—	(11)
Benefits paid, net	(36)	—
Actuarial loss and other	15	(1)
Benefit obligation at end of period	137	1
Change in plan assets:		
Fair value of plan assets at beginning of period	$ —	$ —
NuStar acquisition	178	—
Actual return on plan assets	12	—
Employer contributions	5	—
Benefits paid, net	(35)	—
Fair value of plan assets at end of period	160	—
Amount underfunded (overfunded) at end of period	$ (23)	$ 1

	Pension Plans	Other Postretirement Benefit Plans
Amounts recognized in the consolidated balance sheets consist of:		
Non-current assets	$ 24	$ —
Current liabilities	(1)	(1)
	$ 23	$ (1)
Amounts recognized in accumulated other comprehensive income (pre-tax basis) consist of:		
Net actuarial loss	$ (9)	$ —
Prior service credit	—	11
	$ (9)	$ 11

The actuarial loss related to the benefit obligation for our pension plans was primarily attributable to the termination of the Pension Plan. The fair value of our plan assets is affected by the return on plan assets resulting primarily from the performance of equity and bond markets during the period.

The Excess Pension Plan has no plan assets and an accumulated benefit obligation of $1 million as of December 31, 2024. The accumulated benefit obligation is the present value of benefits earned to date, while the projected benefit obligation may include future salary increase assumptions. The projected benefit obligation for the Excess Pension Plan was $1 million as of December 31, 2024.

The components of net periodic benefit cost for the period from the NuStar acquisition (May 3, 2024) to December 31, 2024 related to our Pension Plans and other postretirement benefit plans were as follows:

	Pension Plans	Other Postretirement Benefit Plans
Net periodic benefit cost:		
Service cost	$ 1	$ —
Interest cost	5	1
Expected return on plan assets	(8)	—
Settlement charge	2	—
Net periodic benefit cost	$ —	$ 1

We amortize prior service costs and credits on a straight-line basis over the average remaining service period of employees expected to receive benefits under our Pension Plans and other postretirement benefit plans (“Prior service amortization” in table above). We amortize the actuarial gains and losses that exceed 10% of the greater of the projected benefit obligation or market-related value of plan assets (smoothed asset value) over the average remaining service period of active employees expected to receive benefits under our Pension Plans and other postretirement benefit plans (“Actuarial gain amortization” in table above).

The service cost component of net periodic benefit cost is reported in “General and administrative” expenses and “Other Operating” expenses on the consolidated statements of operations, and the remaining components of net periodic benefit cost are reported in “Other, net.”

Fair Value of Plan Assets

We disclose the fair value for each major class of plan assets in the Pension Plan in three levels: Level 1, defined as observable inputs such as quoted prices for identical assets or liabilities in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in markets that are not active; and Level 3, defined as unobservable inputs for which little or no market data exists.

The major classes of plan assets measured at fair value for the Pension Plan at December 31, 2024 were as follows:

	Level 1	Level 2	Level 3	Total
Cash equivalent securities	$ 80	$ —	$ —	$ 80
Investment trusts[(1)]	—	44	—	44
Fixed income securities	36	—	—	36
Total	$ 116	$ 44	$ —	$ 160

(1) Includes long-term and intermediate credit bonds.

Estimated Future Benefit Payments

As of December 31, 2024, the following benefit payments were expected to be paid for the years ending December 31:

	Pension Plans	Other Postretirement Benefit Plans
2025	$ 71	$ 1
2026	3	—
2027	3	—
2028	3	—
2029	4	—
2030-2034	19	—

Assumptions

The discount rate is based on a hypothetical yield curve represented by a series of annualized individual discount rates. Each bond issue underlying the hypothetical yield curve required an average rating of double-A, when averaging all available ratings by Moody's Investor Service Inc., S&P Global Ratings and Fitch Ratings. The expected long-term rate of return on plan assets is based on the weighted averages of the expected long-term rates of return for each asset class of investments held in our plans as determined using historical data and the assumption that capital markets are informationally efficient. The expected rate of compensation increase represents average long-term salary increases.

The weighted-average assumptions used to determine the benefit obligations at December 31, 2024 were as follows:

	Pension Plans	Other Postretirement Benefit Plans
Discount rate	5.46 %	5.64 %
Rate of compensation increase	n/a	n/a
Cash balance interest crediting rate	2.59 %	n/a

The weighted-average assumptions used to determine the net periodic benefit cost for the period from acquisition to December 31, 2024 related to our Pension Plans and other postretirement benefit plans were as follows:

	Pension Plans	Other Postretirement Benefit Plans
Discount rate	5.76 %	5.74 %
Expected long-term rate of return on plan assets	6.75 %	n/a
Rate of compensation increase	n/a	n/a
Cash balance interest crediting rate	4.26 %	n/a

19. Unit-Based Compensation

The Partnership has issued phantom units to its employees and non-employee directors, which vest 60% after three years and 40% after five years. Phantom units have the right to receive distributions prior to vesting. The fair value of these units is the market price of our common units on the grant date, and is amortized over the five-year vesting period using the straight-line method. Unit-based compensation expense related to the Partnership included in our consolidated statements of operations and comprehensive income was $17 million, $17 million and $14 million for the years ended December 31, 2024, 2023 and 2022, respectively. The total fair value of phantom units vested for the years ended December 31, 2024, 2023 and 2022, was $23 million, $30 million and $22 million, respectively, based on the market price of SUN's common units as of the vesting date.

Unrecognized compensation expenses related to our unvested phantom units totaled $43 million as of December 31, 2024, which are expected to be recognized over a weighted average period of 4 years. The fair value of unvested phantom units outstanding as of December 31, 2024 and 2023, totaled $86 million and $96 million, respectively.

Phantom unit award activity for the years ended December 31, 2024 and 2023 consisted of the following:

	Number of Phantom Common Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2022	1,821,773	$ 34.29
Granted	399,377	53.37
Vested	(552,145)	28.35
Forfeited	(68,640)	34.64
Outstanding at December 31, 2023	1,600,365	$ 41.08
Granted	584,303	55.24
Vested	(412,461)	34.76
Forfeited	(95,282)	42.06
Outstanding at December 31, 2024	1,676,925	$ 47.55

Cash Restricted Units. Beginning in 2024, the Partnership also granted cash restricted units, which vest through three years of service. A cash restricted unit entitles the award recipient to receive cash equal to the market value of one SUN Common Unit upon vesting. For the year ended December 31, 2024, the Partnership granted a total of 134,225 cash restricted units, all of which were unvested as of December 31, 2024.

20. Segment Reporting

Description of Segments

Our consolidated financial statements reflect three reportable segments: Fuel Distribution, Pipeline Systems and Terminals.

Fuel Distribution. Our Fuel Distribution segment supplies motor fuel to independently-operated dealer stations, distributors, commission agents and other consumers. Also included in our Fuel Distribution segment is lease income from properties that we lease or sublease, as well as the Partnership's credit card services, franchise royalties and retail operations in Hawaii and New Jersey.

Pipeline Systems. Our Pipeline Systems segment includes an integrated pipeline and terminal network comprised of approximately 6,000 miles of refined product pipeline (including the pipeline of our J.C. Nolan joint venture), approximately 6,000 miles of crude oil pipeline (including the pipelines of ET-S Permian), approximately 2,000 miles of ammonia pipeline and 67 terminals.

Terminals. Our Terminals segment is composed of four transmix processing facilities and 56 refined product terminals (two in Europe, six in Hawaii and 48 in the continental United States).

Segment Operating Results

The Partnership evaluates performance and allocates resources for all of its reportable segments based on Segment Adjusted EBITDA.

The Partnership's chief operating decision maker ("CODM") is its chief operating officer. The CODM uses Segment Adjusted EBITDA to allocate resources (including employees, property, and financial or capital resources) for each segment predominantly in the annual budget and forecasting process. The CODM considers forecast-to-actual variances on a monthly basis when making decisions about allocating capital and personnel to the segments. The CODM also uses Segment Adjusted EBITDA to assess the performance for each segment by comparing the results and return on assets of each segment with one another and in the compensation of certain employees.

The Partnership's reportable segments are business units that offer different products and services. The reportable segments are each managed separately because they provide different services and products.

We report Adjusted EBITDA by segment as a measure of segment performance. We define Adjusted EBITDA as net income before net interest expense, income tax expense, depreciation, amortization and accretion expense, non-cash compensation expense, gains and losses on disposal of assets and impairment charges, unrealized gains and losses on commodity derivatives, inventory adjustments and certain other operating expenses reflected in net income that we do not believe are indicative of ongoing core operations. Inventory valuation adjustments that are excluded from the calculation of Adjusted EBITDA represent changes in lower of cost or market reserves on the Partnership's inventory. These amounts are unrealized valuation adjustments applied to fuel volumes remaining in inventory at the end of the period.

The following tables present financial information by segment for the years ended December 31, 2024, 2023 and 2022.

	Year Ended December 31,		
	2024	2023	2022
Revenues:			
Fuel Distribution			
Revenues from external customers	$ 21,781	$ 22,955	$ 25,629
Intersegment revenues	41	31	31
	21,822	22,986	25,660
Pipeline Systems			
Revenues from external customers	562	1	—
Intersegment revenues	3	—	—
	565	1	—
Terminals			
Revenues from external customers	350	112	100
Intersegment revenues	985	373	436
	1,335	485	536
Eliminations	(1,029)	(404)	(467)
Total	$ 22,693	$ 23,068	$ 25,729

	Year Ended December 31,		
	2024	2023	2022
Cost of sales:			
Fuel Distribution	$ 20,635	$ 21,761	$ 24,419
Pipeline Systems	30	(2)	—
Terminals	959	348	398
Eliminations	(1,029)	(404)	(467)
Total	$ 20,595	$ 21,703	$ 24,350

	Year Ended December 31,		
	2024	2023	2022
Operating expenses, excluding non-cash compensation:			
Fuel Distribution	$ 325	$ 350	$ 330
Pipeline Systems	136	2	—
Terminals	150	67	66
Total	$ 611	$ 419	$ 396

	Year Ended December 31,		
	2024	2023	2022
General and administrative expenses, excluding non-cash compensation:			
Fuel Distribution	$ 88	$ 113	$ 110
Pipeline Systems	123	—	—
Terminals	55	1	1
Total	$ 266	$ 114	$ 111

	Year Ended December 31,		
	2024	2023	2022
Other[1]:			
Fuel Distribution	$ (134)	$ (103)	$ (37)
Pipeline Systems	(101)	(10)	(10)
Terminals	(1)	(19)	—
Total	$ (236)	$ (132)	$ (47)

[1] Other by segment includes Adjusted EBITDA from unconsolidated affiliates, unrealized gains and losses on commodity derivatives, inventory valuation adjustments and other less significant items, as applicable.

	Year Ended December 31,		
	2024	2023	2022
Segment Adjusted EBITDA:			
Fuel Distribution	$ 908	$ 865	$ 838
Pipeline Systems	377	11	10
Terminals	172	88	71
Total	$ 1,457	$ 964	$ 919

	Year Ended December 31,		
	2024	2023	2022
Reconciliation of net income to Adjusted EBITDA:			
Net income	$ 874	$ 394	$ 475
Depreciation, amortization and accretion	368	187	193
Interest expense, net	391	217	182
Non-cash unit-based compensation expense	17	17	14
(Gain) loss on disposal of assets and impairment charges	45	(7)	(13)
Loss on extinguishment of debt	2	—	—
Unrealized (gains) losses on commodity derivatives	12	(21)	21
Inventory valuation adjustments	86	114	(5)
Equity in earnings of unconsolidated affiliates	(60)	(5)	(4)
Adjusted EBITDA related to unconsolidated affiliates	101	10	10
Gain on West Texas Sale	(586)	—	—
Other non-cash adjustments	32	22	20
Income tax expense	175	36	26
Adjusted EBITDA (consolidated)	$ 1,457	$ 964	$ 919

Total revenues by geographic area are shown in the table below:

	Year Ended December 31, 2024	2023	2022
United States	$ 22,649	$ 23,068	$ 25,729
Foreign	44	—	—
Total	$ 22,693	$ 23,068	$ 25,729

Total assets by reportable segment were as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Assets:			
Fuel Distribution	$ 6,047	$ 6,047	$ 6,022
Pipeline Systems	6,213	49	53
Terminals	1,944	672	643
Total segment assets	14,204	6,768	6,718
Other partnership assets	171	58	112
Total assets	$ 14,375	$ 6,826	$ 6,830

Additions to property and equipment (excluding acquisitions) by reportable segment were as follows:

	Year Ended December 31, 2024	2023	2022
Fuel Distribution	$ 231	$ 182	$ 154
Pipeline Systems	44	5	12
Terminals	69	28	20
Total	$ 344	$ 215	$ 186

21. Net Income per Common Unit

Net income per common unit is computed by dividing common unitholders' interest in net income by the weighted average number of outstanding common units. Our net income is allocated to common unitholders in accordance with their respective partnership percentages, after giving effect to any priority income allocations for incentive distributions and distributions on employee unit awards. Earnings in excess of distributions are allocated to common unitholders based on their respective ownership interests. Payments made to our common unitholders are determined in relation to actual distributions declared and are not based on the net income allocations used in the calculation of net income per unit.

In addition to the common units, we identify the IDRs as participating securities and use the two-class method when calculating net income per unit applicable to limited partners, which is based on the weighted average number of common units outstanding during the period. Diluted net income per unit includes the effects of potentially dilutive units on our common units, consisting of unvested phantom units.

A reconciliation of the numerators and denominators of the basic and diluted per unit computations is as follows:

	Year Ended December 31,		
	2024	2023	2022
Net income	$ 874	$ 394	$ 475
Less:			
Net income attributable to noncontrolling interests	8	—	—
Incentive distribution rights	145	77	72
Distributions on unvested phantom unit awards	5	6	6
Common unitholders' interest in net income	$ 716	$ 311	$ 397
Weighted average common units outstanding:			
Basic	118,529,390	84,081,083	83,755,378
Dilutive effect of unvested phantom unit awards	812,648	1,012,414	1,048,320
Diluted	119,342,038	85,093,497	84,803,698
Net income per common unit:			
Basic	$ 6.04	$ 3.70	$ 4.74
Diluted	$ 6.00	$ 3.65	$ 4.68

SECOND AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP

OF

SUNOCO LP

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**SECOND AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP OF SUNOCO LP**

THIS SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF SUNOCO LP (f/k/a Susser Petroleum Partners LP) dated as of February 12, 2025, is entered into by and between Sunoco GP LLC, a Delaware limited liability company, as the General Partner, together with any other Persons who are or become Partners in the Partnership or parties hereto as provided herein.

WHEREAS, the General Partner and the other parties thereto entered into that certain First Amended and Restated Agreement of Limited Partnership of Susser Petroleum Partners LP, dated as of September 25, 2012, as amended prior to the date hereof by (i) Amendment No. 1 to the First Amended and Restated Agreement of Limited Partnership of Susser Petroleum Partners LP, dated as of October 27, 2014, (ii) Amendment No. 2 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP, dated as of July 31, 2015, (iii) Amendment No. 3 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP, dated as of January 1, 2016, (iv) Amendment No. 4 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP, dated as of June 6, 2016, (v) Amendment No. 5 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP, dated as of March 30, 2017, (vi) Amendment No. 6 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP, dated as of May 8, 2018, and (vii) Amendment No. 7 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP, dated as of August 6, 2019 (as so amended, the "***Prior Partnership Agreement***");

WHEREAS, the General Partner desires to amend and restate the Prior Partnership Agreement in its entirety to incorporate the changes included in each of the amendments to the Prior Partnership Agreement, to reflect that, certain Partnership Interests provided for in the Prior Partnership Agreement are no longer outstanding, and to revise references to SHC, the original Organizational Limited Partner that ceased to exist as the publicly-traded parent of the Partnership;

WHEREAS, the General Partner, without the approval of any Partner, may amend any provision of the Prior Partnership Agreement (i) pursuant to Section 13.1(d)(i) of the Prior Partnership Agreement to reflect a change that the General Partner determines does not adversely affect the Limited Partners (including any particular class or series of Partnership Interests as compared to other classes or series of Partnership Interests) in any material respect and (ii) pursuant to Section 13.1(d)(iv) to reflect a change that the General Partner determines is required to effect the intent expressed in the Registration Statement or the intent of the provisions of the Prior Partnership Agreement or is otherwise contemplated by the Prior Partnership Agreement; and

WHEREAS, the General Partner has determined that the changes to the Prior Partnership Agreement set forth herein do not adversely affect the Limited Partners (including any particular class or series of Partnership Interests as compared to other classes or series of Partnership Interests) and/or are required to effect the intent expressed in the Registration Statement or the intent of the provisions of the Prior Partnership Agreement or is otherwise contemplated by the Prior Partnership Agreement.

In consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby agree as follows:

Article I

DEFINITIONS

Section 1.1 *Definitions*. The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"*Additional Book Basis*" means the portion of any remaining Carrying Value of an Adjusted Property that is attributable to positive adjustments made to such Carrying Value as a result of Book-Up Events. For purposes of determining the extent that Carrying Value constitutes Additional Book Basis:

(a) Any negative adjustment made to the Carrying Value of an Adjusted Property as a result of either a Book-Down Event or a Book-Up Event shall first be deemed to offset or decrease that portion of the Carrying Value of such Adjusted Property that is attributable to any prior positive adjustments made thereto pursuant to a Book-Up Event or Book-Down Event.

(b) If Carrying Value that constitutes Additional Book Basis is reduced as a result of a Book-Down Event and the Carrying Value of other property is increased as a result of such Book-Down Event, an allocable portion of any such increase in Carrying Value shall be treated as Additional Book Basis; provided, that the amount treated as Additional Book Basis pursuant hereto as a result of such Book-Down Event shall not exceed the amount by which the Aggregate Remaining Net Positive Adjustments after such Book-Down Event exceeds the remaining Additional Book Basis attributable to all of the Partnership's Adjusted Property after such Book-Down Event (determined without regard to the application of this clause (b) to such Book-Down Event).

"*Additional Book Basis Derivative Items*" means any Book Basis Derivative Items that are computed with reference to Additional Book Basis. To the extent that the Additional Book Basis attributable to all of the Partnership's Adjusted Property as of the beginning of any taxable period exceeds the Aggregate Remaining Net Positive Adjustments as of the beginning of such period (the "*Excess Additional Book Basis*"), the Additional Book Basis Derivative Items for such period shall be reduced by the amount that bears the same ratio to the amount of Additional Book Basis Derivative Items determined without regard to this sentence as the Excess Additional Book Basis bears to the Additional Book Basis as of the beginning of such period. With respect to a Disposed of Adjusted Property, the Additional Book Basis Derivative Items shall be the amount of Additional Book Basis taken into account in computing gain or loss from the disposition of such Disposed of Adjusted Property.

"*Adjusted Capital Account*" means the Capital Account maintained for each Partner as of the end of each taxable period of the Partnership, (a) increased by any amounts that such Partner is obligated to restore under the standards set by Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore under Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5)) and (b) decreased by (i) the amount of all losses and deductions that, as of the end of such taxable period, are reasonably expected to be allocated to such Partner in subsequent taxable periods under Sections 704(e)(2) and 706(d) of the Code and Treasury Regulation Section 1.751-1(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such taxable period, are reasonably expected to be made to such Partner in subsequent taxable periods in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Partner's Capital Account that are reasonably expected to occur during (or prior to) the taxable period in which such distributions are reasonably expected to be made (other than increases as a result of a minimum gain chargeback pursuant to Section 6.1(d)(i) or 6.1(d)(ii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith. The "*Adjusted Capital Account*" of a Partner in respect of any Partnership Interest shall be the amount that such Adjusted Capital Account would be if such Partnership Interest were the only interest in the Partnership held by such Partner from and after the date on which such Partnership Interest was first issued.

"*Adjusted Operating Surplus*" means, with respect to any period, (a) Operating Surplus generated with respect to such period; less (b)(i) the amount of any net increase in Working Capital Borrowings (or the Partnership's proportionate share of any net increase in Working Capital Borrowings in the case of Subsidiaries that are not wholly owned) with respect to that period; and (ii) the amount of any net decrease in cash reserves (or the Partnership's proportionate share of any net decrease in cash reserves in the case of Subsidiaries that are not wholly owned) for Operating Expenditures with respect to such period not relating to an Operating Expenditure made with respect to such period; and plus (c)(i) the amount of any net decrease in Working Capital Borrowings (or the Partnership's proportionate share of any net decrease in Working Capital Borrowings in the case of Subsidiaries that are not wholly owned) with respect to that period; (ii) the amount of any net increase in cash reserves (or the Partnership's proportionate share of any net increase in cash reserves in the case of Subsidiaries that are not wholly owned) for Operating Expenditures with respect to such period required by any debt instrument for the repayment of principal, interest or premium; and (iii) the amount of any net decrease made in subsequent periods in cash reserves for Operating Expenditures initially established with respect to such period to the extent such decrease results in a reduction in Adjusted Operating Surplus in subsequent periods pursuant to clause (b)(ii). Adjusted Operating Surplus does not include that portion of Operating Surplus included in clause (a)(i) of the definition of Operating Surplus.

"*Adjusted Property*" means any property the Carrying Value of which has been adjusted pursuant to Section 5.5(d).

"*Affiliate*" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "*control*" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"*Aggregate Quantity of IDR Reset Common Units*" is defined in Section 5.11(a).

"*Aggregate Remaining Net Positive Adjustments*" means, as of the end of any taxable period, the sum of the Remaining Net Positive Adjustments of all the Partners.

"*Agreed Allocation*" means any allocation, other than a Required Allocation, of an item of income, gain, loss or deduction pursuant to the provisions of Section 6.1, including a Curative Allocation (if appropriate to the context in which the term "*Agreed Allocation*" is used).

"*Agreed Value*" of any Contributed Property means the fair market value of such property at the time of contribution and in the case of an Adjusted Property, the fair market value of such Adjusted Property on the date of the revaluation event as described in Section 5.5(d), in both cases as determined by the General Partner.

"*Agreement*" means this Second Amended and Restated Agreement of Limited Partnership of Sunoco LP, as it may be amended, supplemented or restated from time to time.

"*Aloha*" means Aloha Petroleum, Ltd., a Hawaiian corporation.

"*Associate*" means, when used to indicate a relationship with any Person, (a) any corporation or organization of which such Person is a director, officer, manager, general partner or managing member or is, directly or indirectly, the owner of 20% or more of any class of voting stock or other voting interest; (b) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same principal residence as such Person.

"*Available Cash*" means, with respect to any Quarter ending prior to the Liquidation Date:

(a) the sum of (i) all cash and cash equivalents of the Partnership Group (or the Partnership's proportionate share of cash and cash equivalents in the case of Subsidiaries that are not wholly owned) on hand at the end of such Quarter, and (ii) if the General Partner so determines, all or any portion of any additional cash and cash equivalents of the Partnership Group (or the Partnership's proportionate share of cash and cash equivalents in the case of Subsidiaries that are not wholly owned) on hand immediately prior to the date of distribution of Available Cash with respect to such Quarter (including any Working Capital Borrowings made subsequent to the end of such Quarter), less

(b) the amount of any cash reserves established by the General Partner (or the Partnership's proportionate share of cash reserves in the case of Subsidiaries that are not wholly owned) to (i) provide for the proper conduct of the business of the Partnership Group (including reserves for future capital expenditures and for anticipated future credit needs of the Partnership Group) subsequent to such Quarter, (ii) comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which any Group Member is a party or by which it is bound or its assets are subject or (iii) provide funds for distributions under Sections 6.4 or 6.5 in respect of any one or more of the next four Quarters; *provided, however*, that the disbursements made (including contributions to a Group Member or disbursements on behalf of a Group Member), cash received or cash reserves established, increased or reduced after the end of such period but on or before the date of distribution of Available Cash with respect to such period shall be deemed to have been made, received, established, increased or reduced, for purposes of determining Available Cash, within such Quarter if the General Partner so determines.

Notwithstanding the foregoing, "*Available Cash*" with respect to the Quarter in which the Liquidation Date occurs and any subsequent Quarter shall equal zero.

"*Board of Directors*" means the board of directors of the General Partner.

"*Book Basis Derivative Items*" means any item of income, deduction, gain or loss that is computed with reference to the Carrying Value of an Adjusted Property (e.g., depreciation, depletion, or gain or loss with respect to an Adjusted Property).

"*Book-Down Event*" means an event that triggers a negative adjustment to the Capital Accounts of the Partners pursuant to Section 5.5(d).

"*Book-Tax Disparity*" means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for U.S. federal income tax purposes as of such date. A Partner's share of the Partnership's Book-Tax Disparities in all of its Contributed Property and Adjusted Property will be reflected by the difference between such Partner's Capital Account balance as maintained pursuant to Section 5.5 and the hypothetical balance of such Partner's Capital Account computed as if it had been maintained strictly in accordance with U.S. federal income tax accounting principles.

"*Book-Up Event*" means an event that triggers a positive adjustment to the Capital Accounts of the Partners pursuant to Section 5.5(d).

"*Business Day*" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of Texas shall not be regarded as a Business Day.

"*Capital Account*" means the capital account maintained for a Partner pursuant to Section 5.5. The "*Capital Account*" of a Partner in respect of any Partnership Interest shall be the amount that such Capital Account would be if such Partnership Interest were the only interest in the Partnership held by such Partner from and after the date on which such Partnership Interest was first issued.

"*Capital Contribution*" means any cash, cash equivalents or the Net Agreed Value of Contributed Property that a Partner contributes to the Partnership or that is contributed or deemed contributed to the Partnership on behalf of a Partner (including, in the case of an underwritten offering of Units, the amount of any underwriting discounts or commissions).

"*Capital Improvement*" means any (a) addition or improvement to the capital assets owned by any Group Member, (b) acquisition (through an asset acquisition, merger, stock acquisition or other form of investment) of existing, or the construction of new, capital assets by any Group Member, or (c) capital contribution by a Group Member to a Person that is not a Subsidiary, in which a Group Member has, or after such capital contribution will have an equity interest, to fund the Group Member's pro rata share of the cost of the acquisition of existing or the construction of new or the improvement of existing, capital assets, in each case if such addition, improvement, acquisition or construction is made to increase the long-term operating capacity or operating income of the Partnership Group from the long-term operating capacity or operating income of the Partnership Group, in the case of clauses (a) and (b), or such Person, in the case of clause (c), from that existing immediately prior to such addition, improvement, acquisition or construction.

"*Capital Surplus*" means Available Cash distributed by the Partnership in excess of Operating Surplus, as described in Section 6.3(a).

"*Carrying Value*" means (a) with respect to a Contributed Property or an Adjusted Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions charged to the Partners' Capital Accounts in respect of such property, and (b) with respect to any other Partnership property, the adjusted basis of such property for U.S. federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Section 5.5(d) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Partnership properties, as deemed appropriate by the General Partner.

"*Cause*" means a court of competent jurisdiction has entered a final, non-appealable judgment finding the General Partner is liable to the Partnership or any Limited Partner for actual fraud or willful misconduct in its capacity as a general partner of the Partnership.

"*Certificate*" means a certificate in such form (including in global form if permitted by applicable rules and regulations of the Depository Trust Company and its permitted successors and assigns) as may be adopted by the General Partner, issued by the Partnership evidencing ownership of one or more Partnership Interests.

"*Certificate of Limited Partnership*" means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 7.3, as such Certificate of Limited Partnership may be amended, supplemented or restated from time to time.

"*Citizenship Eligibility Trigger*" is defined in Section 4.8(a)(ii).

"*claim*" (as used in Section 7.12(c)) is defined in Section 7.12(c).

"*Class C Distribution Rate*" means an amount per Class C Unit equal to 9.0% per annum (2.25% per quarter), of the Class C Unit Issue Price.

"*Class C Quarterly Distribution*" has the meaning set forth in Section 5.14(b)(vi).

"*Class C Unit*" means a Partnership Interest having the rights and obligations specified with respect to Class C Units in this Agreement.

"*Class C Unit Effective Date*" means January 1, 2016.

"*Class C Unit Issue Price*" means $38.5856.

"*Closing Date*" means the first date on which Common Units are issued and delivered by the Partnership to the Underwriters pursuant to the provisions of the Underwriting Agreement.

"*Closing Price*" means, in respect of any class of Limited Partner Interests, as of the date of determination, the last sale price on such day, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices on such day, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal National Securities Exchange on which such Limited Partner Interests are listed or admitted to trading or, if such Limited Partner Interests are not listed or admitted to trading on any National Securities Exchange, the last quoted price on such day or, if not so quoted, the average of the high bid and low asked prices on such day in the over-the-counter market, as reported by the primary reporting system then in use in relation to such Limited Partner Interests of such class, or, if on any such day such Limited Partner Interests of such class are not quoted by any such organization, the average of the closing bid and asked prices on such day as furnished by a professional market maker making a market in such Limited Partner Interests of such class selected by the General Partner, or if on any such day no market maker is making a market in such Limited Partner Interests of such class, the fair value of such Limited Partner Interests on such day as determined by the General Partner.

"*Code*" means the U.S. Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of any successor law.

"*Combined Interest*" is defined in Section 11.3(a).

"*Commences Commercial Service*" means the date a Capital Improvement is first put into or commences commercial service by a Group Member following, if applicable, completion of construction, acquisition, development or testing, as applicable.

"*Commission*" means the United States Securities and Exchange Commission.

"*Common Unit*" means a Partnership Interest having the rights and obligations specified with respect to Common Units in this Agreement. The term "*Common Unit*" does not refer to or include any Class C Unit.

"*Conflicts Committee*" means a committee of the Board of Directors composed entirely of one or more directors, each of whom (a) is not an officer or employee of the General Partner (b) is not an officer or employee of any Affiliate of the General Partner or a director of any

Affiliate of the General Partner (other than any Group Member), (c) is not a holder of any ownership interest in the General Partner or any of its Affiliates, including any Group Member, other than Common Units and awards that are granted to such director under the LTIP; provided that a director that is a member of the Conflicts Committee may beneficially own equity securities of one or more publicly traded Affiliates of the General Partner (other than Common Units and any awards referenced above) with an aggregate value of up to one percent (1%) of such directors net worth as of the date of determination, and (d) is determined by the Board of Directors of the General Partner to be independent under the independence standards required for directors who serve on an audit committee of a board of directors established by the Securities Exchange Act and the rules and regulations of the Commission thereunder and by the National Securities Exchange on which any class of Partnership Interests is listed or admitted to trading.

"*Contributed Property*" means each property or asset, in such form as may be permitted by the Delaware Act, but excluding cash, contributed to the Partnership. Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 5.5(d), such property shall no longer constitute a Contributed Property, but shall be deemed an Adjusted Property.

"*Contribution Agreement*" means that certain Contribution, Conveyance and Assumption Agreement, dated as of September 25, 2012, among the General Partner, the Partnership, SHC and certain other parties, together with the additional conveyance documents and instruments contemplated or referenced thereunder, as such may be amended from time to time.

"*Curative Allocation*" means any allocation of an item of income, gain, deduction, loss or credit pursuant to the provisions of Section 6.1(d)(xi).

"*Current Market Price*" means, in respect of any class of Limited Partner Interests, as of the date of determination, the average of the daily Closing Prices per Limited Partner Interest of such class for the 20 consecutive Trading Days immediately prior to such date.

"*Deferred Issuance and Distribution*" means both (a) the issuance by the Partnership of a number of additional Common Units that is equal to the excess, if any, of (x) 1,425,000 over (y) the aggregate number, if any, of Common Units actually purchased by and issued to the Underwriters pursuant to the Over-Allotment Option on the Option Closing Date(s), and (b) distribution(s) of cash contributed by the Underwriters to the Partnership on or in connection with any Option Closing Date with respect to Common Units issued by the Partnership upon the applicable exercise of the Over-Allotment Option as described in Section 5.3(b), if any.

"*Delaware Act*" means the Delaware Revised Uniform Limited Partnership Act, 6 Del C. Section 17-101, et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

"*Departing General Partner*" means a former General Partner from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 11.1 or 11.2.

"*Derivative Instruments*" means options, rights, warrants, appreciation rights, tracking, profit and phantom interests and other derivative instruments relating to, convertible into or exchangeable for Partnership Interests.

"*Designated Individual*" has the meaning assigned to such term in Section 9.3.

"*Disposed of Adjusted Property*" is defined in Section 6.1(d)(xii)(B).

"*Economic Risk of Loss*" has the meaning set forth in Treasury Regulation Section 1.752-2(a).

"*Eligibility Certificate*" is defined in Section 4.8(b).

"*Eligible Holder*" means a Limited Partner whose (a) U.S. federal income tax status would not, in the determination of the General Partner, have the material adverse effect described in Section 4.9(a)(i) or Section 4.9(b) nationality, citizenship or other related status would not, in the determination of the General Partner, create a substantial risk of cancellation or forfeiture as described in Section 4.9(a)(ii).

"*Estimated Incremental Quarterly Tax Amount*" is defined in Section 6.9.

"*Event of Withdrawal*" is defined in Section 11.1(a).

"*Excess Additional Book Basis*" is defined in the definition of Additional Book Basis Derivative Items.

"*Excess Distribution*" is defined in Section 6.1(d)(iii)(A).

"*Excess Distribution Unit*" is defined in Section 6.1(d)(iii)(A).

"*Expansion Capital Expenditures*" means cash expenditures for Capital Improvements, and shall not include Maintenance Capital Expenditures or Investment Capital Expenditures. Expansion Capital Expenditures shall include interest (and related fees) on debt incurred to finance the construction of a Capital Improvement and paid in respect of the period beginning on the date that a Group Member enters into a binding obligation to commence construction of a Capital Improvement and ending on the earlier to occur of the date that such Capital Improvement Commences Commercial Service and the date that such Capital Improvement is abandoned or disposed of. Debt incurred to fund such construction period interest payments or to fund distributions in respect of equity issued (including incremental Incentive Distributions related thereto) to fund the construction of a Capital Improvement as described in clause (a)(iv) of the definition of Operating Surplus shall also be deemed to be debt incurred to finance the construction of a Capital Improvement. Where capital expenditures are made in part for Expansion Capital Expenditures and in part for other purposes, the General Partner shall determine the allocation between the amounts paid for each.

"*First Liquidation Target Amount*" is defined in Section 6.1(c)(i)(D).

"*First Target Distribution*" means \$0.503125 per Unit per Quarter (or, with respect to periods of less than a full fiscal quarter, it means the product of such amount multiplied by a fraction of which the numerator is the number of days in such period, and the denominator is the total number of days in such fiscal quarter), subject to adjustment in accordance with Sections 5.11, 6.6 and Section 6.8.

"*General Partner*" means Sunoco GP LLC, a Delaware limited liability company, and its successors and permitted assigns that are admitted to the Partnership as general partner of the Partnership, in their capacities as general partner of the Partnership (except as the context otherwise requires).

"*General Partner Interest*" means the non-economic management interest of the General Partner in the Partnership (in its capacity as a general partner and without reference to any Limited Partner Interest held by it) and includes any and all rights, powers and benefits to which the General Partner is entitled as provided in this Agreement, together with all obligations of the General Partner to comply with the terms and provisions of this Agreement. The General Partner Interest does not include any rights to profits or losses or any rights to receive distributions from operations or upon the liquidation or winding-up of the Partnership.

"*Gross Liability Value*" means, with respect to any Liability of the Partnership described in Treasury Regulation Section 1.752-7(b)(3)(i), the amount of cash that a willing assignor would pay to a willing assignee to assume such Liability in an arm's-length transaction.

"*Group*" means two or more Persons that with or through any of their respective Affiliates or Associates have any contract, arrangement, understanding or relationship for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent given to such Person in response to a proxy or consent solicitation made to 10 or more Persons), exercising investment power or disposing of any Partnership Interests with any other Person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, Partnership Interests.

"*Group Member*" means a member of the Partnership Group.

"*Group Member Agreement*" means the partnership agreement of any Group Member, other than the Partnership, that is a limited or general partnership, the limited liability company agreement of any Group Member that is a limited liability company, the certificate of incorporation and bylaws or similar organizational documents of any Group Member that is a corporation, the joint venture agreement or similar governing document of any Group Member that is a joint venture and the governing or organizational or similar documents of any other Group Member that is a Person other than a limited or general partnership, limited liability company, corporation or joint venture, as such may be amended, supplemented or restated from time to time.

"*Hedge Contract*" means any exchange, swap, forward, cap, floor, collar, option or other similar agreement or arrangement entered into for the purpose of reducing the exposure of the

Partnership Group to fluctuations in commodities, financial instruments or other capital activity, in each case, other than for speculative purposes.

"*Holder*" as used in Section 7.12, is defined in Section 7.12(a).

"*IDR Reset Common Unit*" is defined in Section 5.11(a).

"*IDR Reset Election*" is defined in Section 5.11(a).

"*Incentive Distribution Right*" means a Limited Partner Interest having the rights and obligations specified with respect to Incentive Distribution Rights in this Agreement.

"*Incentive Distributions*" means any amount of cash distributed to the holders of the Incentive Distribution Rights pursuant to Section 6.4.

"*Incremental Income Taxes*" is defined in Section 6.9.

"*Indemnified Persons*" is defined in Section 7.12(c).

"*Indemnitee*" means (a) any General Partner, (b) any Departing General Partner, (c) any Person who is or was an Affiliate of the General Partner or any Departing General Partner, (d) any Person who is or was a manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of any Group Member, a General Partner, any Departing General Partner or any of their respective Affiliates, (e) the Partnership Representative and the Designated Individual, (f) any Person who is or was serving at the request of a General Partner, any Departing General Partner or any of their respective Affiliates as an officer, director, manager, managing member, general partner, employee, agent, fiduciary or trustee of another Person owing a fiduciary or similar duty to any Group Member; provided that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services, (g) any Person who controls a General Partner or Departing General Partner and (h) any Person the General Partner designates as an "*Indemnitee*" for purposes of this Agreement because such Person's service, status or relationship exposes such Person to potential claims, demands, actions, suits or proceedings relating to the Partnership Group's business and affairs.

"*Ineligible Holder*" is defined in Section 4.8(c).

"*Initial Common Units*" means the Common Units sold in the Initial Offering.

"*Initial Limited Partners*" means SHC (with respect to the Common Units and Incentive Distribution Rights received by it pursuant to Section 5.2), Stripes LLC (with respect to the Common Units received by it pursuant to Section 5.2) and the Underwriters, in each case upon being admitted to the Partnership in accordance with Section 10.1.

"*Initial Offering*" means the initial offering and sale of Common Units to the public, as described in the Registration Statement, including any offer and sale of Common Units pursuant to the exercise of the Over-Allotment Option.

"*Initial Unit Price*" means (a) with respect to the Common Units, the initial public offering price per Common Unit at which the Underwriters first offered the Common Units to the public for sale as set forth on the cover page of the prospectus included as part of the Registration Statement and first issued at or after the time the Registration Statement first became effective or (b) with respect to any other class or series of Units, the price per Unit at which such class or series of Units is initially sold by the Partnership, as determined by the General Partner, in each case adjusted as the General Partner determines to be appropriate to give effect to any distribution, subdivision or combination of Units.

"*Interim Capital Transactions*" means the following transactions if they occur prior to the Liquidation Date: (a) borrowings, refinancings or refundings of indebtedness (other than Working Capital Borrowings and other than for items purchased on open account or for a deferred purchase price in the ordinary course of business) by any Group Member and sales of debt securities of any Group Member; (b) sales of equity interests of any Group Member (including the Common Units sold to the Underwriters pursuant to the Underwriting Agreement); (c) sales or other voluntary or involuntary dispositions of any assets of any Group Member other than (i) sales or other dispositions of inventory, accounts receivable and other assets in the ordinary course of business, and (ii) sales or other dispositions of assets as part of normal retirements or replacements and (d) Capital Contributions received by a Group Member.

"*Investment Capital Expenditures*" means capital expenditures other than Maintenance Capital Expenditures and Expansion Capital Expenditures.

"*Liability*" means any liability or obligation of any nature, whether accrued, contingent or otherwise.

"*Limited Partner*" means, unless the context otherwise requires, each Initial Limited Partner, each additional Person that becomes a Limited Partner pursuant to the terms of this Agreement and any Departing General Partner upon the change of its status from General Partner to Limited Partner pursuant to Section 11.3, in each case, in such Person's capacity as a limited partner of the Partnership.

"*Limited Partner Interest*" means the ownership interest of a Limited Partner in the Partnership, which may be evidenced by Common Units, Class C Units, Incentive Distribution Rights or other Partnership Interests or a combination thereof or interest therein, and includes any and all benefits to which such Limited Partner is entitled as provided in this Agreement, together with all obligations of such Limited Partner to comply with the terms and provisions of this Agreement.

"*Liquidation Date*" means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clauses (a) and (b) of the first sentence of Section 12.2, the date on which the applicable time period during which the holders of Outstanding Units have the right to elect to continue the business of the Partnership has expired without such an election being made, and (b) in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

"*Liquidator*" means one or more Persons selected pursuant to Section 12.3 to perform the functions described in Section 12.4 as liquidating trustee of the Partnership within the meaning of the Delaware Act.

"*LTIP*" means the Long-Term Incentive Plan of the General Partner, as may be amended, or any equity compensation plan successor thereto.

"*Maintenance Capital Expenditures*" means cash expenditures (including expenditures for the addition or improvement to or replacement of the capital assets owned by any Group Member or for the acquisition of existing, or the construction or development of new, capital assets) if such expenditures are made to maintain the long-term operating capacity or operating income of the Partnership Group.

"*Merger Agreement*" is defined in Section 14.1.

"*Minimum Quarterly Distribution*" means $0.4375 per Unit per Quarter (or with respect to periods of less than a full fiscal quarter, it means the product of such amount multiplied by a fraction of which the numerator is the number of days in such period and the denominator is the total number of days in such fiscal quarter), subject to adjustment in accordance with Sections 5.11, 6.6 and 6.8.

"*National Securities Exchange*" means an exchange registered with the Commission under Section 6(a) of the Securities Exchange Act (or any successor to such Section) and any other securities exchange (whether or not registered with the Commission under Section 6(a) (or successor to such Section) of the Securities Exchange Act) that the General Partner shall designate as a National Securities Exchange for purposes of this Agreement.

"*Net Agreed Value*" means, (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any Liabilities either assumed by the Partnership upon such contribution or to which such property is subject when contributed and (b) in the case of any property distributed to a Partner by the Partnership, the Partnership's Carrying Value of such property (as adjusted pursuant to Section 5.5(d)(ii)) at the time such property is distributed, reduced by any Liabilities either assumed by such Partner upon such distribution or to which such property is subject at the time of distribution.

"*Net Income*" means, for any taxable period, the excess, if any, of the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable period over the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 5.5 but shall not include any items specially allocated under Section 6.1(d); *provided*, that the determination of the items that have been specially allocated under Section 6.1(d) shall be made without regard to any reversal of such items under Section 6.1(d)(xii).

"*Net Loss*" means, for any taxable period, the excess, if any, of the Partnership's items of loss and deduction (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable period over the Partnership's items of income and gain (other than those items taken into account in the computation of Net Termination Gain or Net Termination Loss) for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 5.5 but shall not include any items specially allocated under Section 6.1(d); *provided*, that the determination of the items that have been specially allocated under Section 6.1(d) shall be made without regard to any reversal of such items under Section 6.1(d)(xii).

"*Net Positive Adjustments*" means, with respect to any Partner, the excess, if any, of the total positive adjustments over the total negative adjustments made to the Capital Account of such Partner pursuant to Book-Up Events and Book-Down Events.

"*Net Termination Gain*" means, for any taxable period, the sum, if positive, of all items of income, gain, loss or deduction (determined in accordance with Section 5.5) that are (a) recognized (i) after the Liquidation Date or (ii) upon the sale, exchange or other disposition of all or substantially all of the assets of the Partnership Group, taken as a whole, in a single transaction or a series of related transactions (excluding any disposition to a member of the Partnership Group), or (b) deemed recognized by the Partnership pursuant to Section 5.5(d); *provided, however*, the items included in the determination of Net Termination Gain shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"*Net Termination Loss*" means, for any taxable period, the sum, if negative, of all items of income, gain, loss or deduction (determined in accordance with Section 5.5) that are (a) recognized (i) after the Liquidation Date or (ii) upon the sale, exchange or other disposition of all or substantially all of the assets of the Partnership Group, taken as a whole, in a single transaction or a series of related transactions (excluding any disposition to a member of the Partnership Group), or (b) deemed recognized by the Partnership pursuant to Section 5.5(d); *provided, however*, items included in the determination of Net Termination Loss shall not include any items of income, gain or loss specially allocated under Section 6.1(d).

"*Nonrecourse Built-in Gain*" means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Partners pursuant to Section 6.2(b) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

"*Nonrecourse Deductions*" means any and all items of loss, deduction or expenditure (including any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b), are attributable to a Nonrecourse Liability.

"*Nonrecourse Liability*" has the meaning set forth in Treasury Regulation Section 1.752-1(a)(2).

"*Notice of Election to Purchase*" is defined in Section 15.1(b).

"*Omnibus Agreement*" means that certain Omnibus Agreement dated September 25, 2012, among SHC, the General Partner and the Partnership, as such agreement may be amended, supplemented or restated from time to time.

"*Operating Expenditures*" means all Partnership Group cash expenditures (or the Partnership's proportionate share of expenditures in the case of Subsidiaries that are not wholly owned), including taxes, reimbursements of expenses of the General Partner and its Affiliates, payments made in the ordinary course of business under any Hedge Contracts, officer compensation, repayment of Working Capital Borrowings, debt service payments and capital expenditures, subject to the following:

(a) repayments of Working Capital Borrowings deducted from Operating Surplus pursuant to clause (b)(iii) of the definition of "*Operating Surplus*" shall not constitute Operating Expenditures when actually repaid;

(b) payments (including prepayments and prepayment penalties) of principal of and premium on indebtedness other than Working Capital Borrowings shall not constitute Operating Expenditures;

(c) Operating Expenditures shall not include (i) Expansion Capital Expenditures, (ii) Investment Capital Expenditures, (iii) payment of transaction expenses (including taxes) relating to Interim Capital Transactions, (iv) distributions to Partners, or (v) repurchases of Partnership Interests, other than repurchases of Partnership Interests to satisfy obligations under employee benefit plans, or reimbursements of expenses of the General Partner for such purchases. Where capital expenditures are made in part for Maintenance Capital Expenditures and in part for other purposes, the General Partner shall determine the allocation between the amounts paid for each; and

(d) (i) payments made in connection with the initial purchase of any Hedge Contract shall be amortized over the life of such Hedge Contract and (ii) payments made in connection with the termination of any Hedge Contract prior to its stipulated settlement or termination date shall be included in equal quarterly installments over what would have been the remaining scheduled term of such Hedge Contract had it not been so terminated.

"*Operating Surplus*" means, with respect to any period ending prior to the Liquidation Date, on a cumulative basis and without duplication,

(a) the sum of (i) \$25 million, (ii) all cash receipts of the Partnership Group (or the Partnership's proportionate share of cash receipts in the case of Subsidiaries that are not wholly owned) for the period beginning on the Closing Date and ending on the last day of such period, but excluding cash receipts from Interim Capital Transactions and provided that cash receipts from the termination of any Hedge Contract prior to its stipulated settlement or termination date shall be included in equal quarterly installments over what would have been the remaining scheduled life of such Hedge Contract had it not been so terminated, (iii) all cash receipts of the Partnership Group (or the Partnership's proportionate share of cash receipts in the case of Subsidiaries that are not wholly owned) after the end of such period but on or before the date of determination of Operating Surplus with respect to such period resulting from Working Capital Borrowings, and (iv) the amount of cash distributions paid (including incremental Incentive Distributions) in respect of equity issued, other than equity issued in the Initial Offering, to finance all or a portion of the construction, acquisition or improvement of a Capital Improvement and paid in respect of the period beginning on the date that the Group Member enters into a binding obligation to commence the construction, acquisition or improvement of a Capital Improvement and ending on the earlier to occur of the date that such Capital Improvement or replacement capital asset Commences Commercial Service and the date that it is abandoned or disposed of (equity issued, other than equity issued in the Initial Offering, to fund the construction period interest payments on debt incurred, or construction period distributions on equity issued, to finance the construction, acquisition or improvement of a Capital Improvement shall also be deemed to be equity issued to finance the construction, acquisition or improvement of a Capital Improvement for purposes of this clause (iv)), less

(b) the sum of (i) Operating Expenditures for the period beginning on the Closing Date and ending on the last day of such period; (ii) the amount of cash reserves established by the General Partner (or the Partnership's proportionate share of cash reserves in the case of Subsidiaries that are not wholly owned) to provide funds for future Operating Expenditures; (iii) all Working Capital Borrowings not repaid within twelve (12) months after having been incurred and (iv) any cash loss realized on disposition of an Investment Capital Expenditure;

provided, however, that the disbursements made (including contributions to a Group Member or disbursements on behalf of a Group Member), cash received or cash reserves established, increased or reduced after the end of such period but on or before the date of determination of Available Cash with respect to such period shall be deemed to have been made, received, established, increased or reduced, for purposes of determining Operating Surplus, within such period if the General Partner so determines.

Notwithstanding the foregoing, "*Operating Surplus*" with respect to the Quarter in which the Liquidation Date occurs and any subsequent Quarter shall equal zero. Cash receipts from an Investment Capital Expenditure shall be treated as cash receipts only to the extent they are a return on principal, but in no event shall a return of principal be treated as cash receipts.

"*Opinion of Counsel*" means a written opinion of counsel (who may be regular counsel to the Partnership or the General Partner or any of its Affiliates) acceptable to the General Partner.

"*Option Closing Date*" means the date or dates on which any Common Units are sold by the Partnership to the Underwriters upon exercise of the Over-Allotment Option.

"*Organizational Limited Partner*" means SHC, in its capacity as the historical organizational limited partner of the Partnership pursuant to this Agreement.

"*Outstanding*" means, with respect to Partnership Interests, all Partnership Interests that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination; *provided, however*, that if at any time any Person or Group (other than the General Partner or its Affiliates) beneficially owns 20% or more of the Outstanding Partnership Interests of any class then Outstanding, none of the Partnership Interests owned by such Person or Group shall be entitled to be voted on any matter or be considered to be Outstanding when sending notices of a meeting of Limited Partners to vote on any matter (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement, except that Partnership Interests so owned shall be considered to be Outstanding for purposes of Section 11.1(b) (such Partnership Interests shall not, however, be treated as a separate class of Partnership Interests for purposes of this Agreement or the Delaware Act); *provided, further*, that the foregoing limitation shall not apply to (i) any Person or Group who acquired 20% or more of the Outstanding Partnership Interests of any class then Outstanding directly from the General Partner or its Affiliates (other than the Partnership), (ii) any Person or Group who acquired 20% or more of the Outstanding Partnership Interests of any class then Outstanding directly or indirectly from a Person or Group described in clause (i) *provided* that the General Partner shall have notified such Person or Group in writing that such limitation shall not apply, or (iii) any Person or Group who acquired 20% or more of any Partnership Interests issued by the Partnership provided that the General Partner shall have notified such Person or Group in writing that such limitation shall not apply.

"*Over-Allotment Option*" means the over-allotment option granted to the Underwriters by the Partnership pursuant to the Underwriting Agreement.

"*Partner Nonrecourse Debt*" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

"*Partner Nonrecourse Debt Minimum Gain*" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2).

"*Partner Nonrecourse Deductions*" means any and all items of loss, deduction or expenditure (including any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i), are attributable to a Partner Nonrecourse Debt.

"*Partners*" means the General Partner and the Limited Partners.

"*Partnership*" means Sunoco LP, a Delaware limited partnership.

"*Partnership Group*" means, collectively, the Partnership and its Subsidiaries.

"*Partnership Interest*" means any class or series of equity interest in the Partnership, which shall include any General Partner Interest and Limited Partner Interests, but shall exclude Derivative Instruments.

"*Partnership Minimum Gain*" means that amount determined in accordance with the principles of Treasury Regulation Sections 1.704-2(b)(2) and 1.704-2(d).

"*Partnership Representative*" has the meaning assigned to such term in Section 9.3.

"*Percentage Interest*" means as of any date of determination (a) as to any Unitholder with respect to Units, the quotient obtained by dividing (A) the number of Units held by such Unitholder by (B) the total number of Outstanding Units. The Percentage Interest with respect to an Incentive Distribution Right shall be zero. The Percentage Interest with respect to the General Partner Interest shall at all times be zero.

"*Person*" means an individual or a corporation, firm, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

"*Per Unit Capital Amount*" means, as of any date of determination, the Capital Account, stated on a per Unit basis, underlying any class of Units held by a Person other than the General Partner or any Affiliate of the General Partner who holds Units.

"*Permitted Actions*" means the following arrangements with, actions taken by, or determinations made by, the General Partner:

(a) The General Partner's agreement with SHC on the reasonable allocation and other procedures to effect the reimbursement of all direct and indirect costs and expenses incurred by SHC or its Affiliates in connection with the provision of services to the Partnership Group under the terms of the Omnibus Agreement; and

(b) the exercise of the Partnership's Sale and Leaseback Option.

"*Potential Affiliate Financial Support*" means the provision by the General Partner or any of its Affiliates to any member of the Partnership Group of any guaranties or trade credit support to support the ongoing operations of the Partnership Group; *provided, that* (i) the pricing of any such guaranties or trade credit support is no more than the cost to the Partnership of issuing a comparable letter of credit under its Credit Agreement and (ii) any such guaranties or trade credit support are limited to ordinary course obligations of members of the Partnership Group and do not extend to indebtedness for borrowed money or other obligations that could be characterized as debt.

"*Pro Rata*" means (a) when used with respect to Units or any class thereof, apportioned equally among all designated Units in accordance with their relative Percentage Interests, (b) when used with respect to Partners or Record Holders, apportioned among all Partners or Record Holders in accordance with their relative Percentage Interests and (c) when used with respect to holders of Incentive Distribution Rights, apportioned equally among all holders of Incentive Distribution Rights in accordance with the relative number or percentage of Incentive Distribution Rights held by each such holder.

"*Purchase Date*" means the date determined by the General Partner as the date for purchase of all Outstanding Limited Partner Interests of a certain class (other than Limited Partner Interests owned by the General Partner and its Affiliates) pursuant to Article XV.

"*Quarter*" means, unless the context requires otherwise, a fiscal quarter of the Partnership, or, with respect to the fiscal quarter of the Partnership in which the Closing Date occurs, the portion of such fiscal quarter after the Closing Date.

"*Rate Eligibility Trigger*" is defined in Section 4.8(a)(i).

"*Recapture Income*" means any gain recognized by the Partnership (computed without regard to any adjustment required by Section 734 or Section 743 of the Code) upon the disposition of any property or asset of the Partnership, which gain is characterized as ordinary income because it represents the recapture of deductions previously taken with respect to such property or asset.

"*Record Date*" means the date established by the General Partner or otherwise in accordance with this Agreement for determining (a) the identity of the Record Holders entitled to notice of, or to vote at, any meeting of Limited Partners or entitled to vote by ballot or give approval of Partnership action in writing without a meeting or entitled to exercise rights in respect of any lawful action of Limited Partners or (b) the identity of Record Holders entitled to receive any report or distribution or to participate in any offer.

"*Record Holder*" means (a) with respect to any class of Partnership Interests for which a Transfer Agent has been appointed, the Person in whose name a Partnership Interest of such class is registered on the books of the Transfer Agent as of the closing of business on a particular Business Day, or (b) with respect to other classes of Partnership Interests, the Person in whose name any such other Partnership Interest is registered on the books that the General Partner has caused to be kept as of the closing of business on such Business Day.

"*Redeemable Interests*" means any Partnership Interests for which a redemption notice has been given, and has not been withdrawn, pursuant to Section 4.9(a).

"*Registration Statement*" means the Registration Statement on Form S-1 (Registration No. 333-182276) as it has been or as it may be amended or supplemented from time to time, filed by the Partnership with the Commission under the Securities Act to register the offering and sale of the Common Units in the Initial Offering.

"*Remaining Net Positive Adjustments*" means as of the end of any taxable period, (i) with respect to the Unitholders holding Common Units, the excess of (a) the Net Positive Adjustments of the Unitholders holding Common Units as of the end of such period over (b) the sum of those Partners' Share of Additional Book Basis Derivative Items for each prior taxable period and (ii) with respect to the holders of Incentive Distribution Rights, the excess of (a) the Net Positive Adjustments of the holders of Incentive Distribution Rights as of the end of such period over (b) the sum of the Share of Additional Book Basis Derivative Items of the holders of the Incentive Distribution Rights for each prior taxable period.

"*Required Allocations*" means any allocation of an item of income, gain, loss or deduction pursuant to Section 6.1 (d)(i), Section 6.1(d)(ii), Section 6.1(d)(iv), Section 6.1(d)(v), Section 6.1(d)(vi), Section 6.1(d)(vii) or Section 6.1(d)(ix).

"*Reset MQD*" is defined in Section 5.11(a).

"*Reset Notice*" is defined in Section 5.11(b).

"*Retail*" means Sunoco Retail LLC, a Pennsylvania limited liability company, or any successor entity thereto.

"*Retail Available Cash*" means any and all cash or cash equivalents on hand derived from or attributable to (i) any distribution or dividend received by the Partnership (directly or indirectly) from Retail or the proceeds of any sale of the membership interests of Retail received by the Partnership (directly or indirectly) or (ii) any interest or principal payments received by the Partnership (directly or indirectly) with respect to indebtedness of Retail or its subsidiaries.

"*Retail Items*" means the income, gains, losses, deductions and credits which are attributable to the Partnership's ownership (directly or indirectly) of, or sale or other disposition of, the membership interests of Retail or the Partnership's ownership (directly or indirectly) of any indebtedness of Retail or any of its subsidiaries, including any such income, gains, losses and deductions included in Net Termination Gain or Net Termination Loss.

"*Sale and Leaseback Option*" has the meaning set forth in the Omnibus Agreement.

"*Second Liquidation Target Amount*" is defined in Section 6.1(c)(i)(E).

"*Second Target Distribution*" means $0.546875 per Unit per Quarter (or, with respect to periods of less than a full fiscal quarter, it means the product of such amount multiplied by a fraction of which the numerator is the number of days in such period, and the denominator is the total number of days in such fiscal quarter), subject to adjustment in accordance with Section 5.11, Section 6.6 and Section 6.8.

"*Securities Act*" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"*Securities Exchange Act*" means the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute.

"*SHC*" means Susser Holdings Corporation, a Delaware corporation.

"*Share of Additional Book Basis Derivative Items*" means in connection with any allocation of Additional Book Basis Derivative Items for any taxable period, (i) with respect to the Unitholders holding Common Units, the amount that bears the same ratio to such Additional Book Basis Derivative Items as the Unitholders' Remaining Net Positive Adjustments as of the end of such taxable period bears to the Aggregate Remaining Net Positive Adjustments as of that time and (ii) with respect to the Partners holding Incentive Distribution Rights, the amount that bears the same ratio to such Additional Book Basis Derivative Items as the Remaining Net Positive Adjustments of the Partners holding the Incentive Distribution Rights as of the end of such period bears to the Aggregate Remaining Net Positive Adjustments as of that time.

"*Special Approval*" means approval by a majority of the members of the Conflicts Committee.

"*Stripes LLC*" means Stripes LLC, a Texas limited liability company.

"*Subordinated Unit*" means a Partnership Interest having the rights and obligations specified with respect to Subordinated Units in the Prior Partnership Agreement.

"*Subsidiary*" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general partner of such partnership, but only if such Person, directly or by one or more Subsidiaries of such Person, or a combination thereof, controls such partnership at the date of determination, or (c) any other Person in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"*Surviving Business Entity*" is defined in Section 14.2(b)(ii).

"*Target Distribution*" means each of the Minimum Quarterly Distribution, the First Target Distribution, Second Target Distribution and Third Target Distribution.

"*Third Target Distribution*" means $0.65625 per Unit per Quarter (or, with respect to periods of less than a full fiscal quarter, it means the product of such amount multiplied by a fraction of which the numerator is the number of days in such period, and the denominator is the total number of days in such fiscal quarter), subject to adjustment in accordance with Sections 5.11, 6.6 and Section 6.8.

"*Trading Day*" means, for the purpose of determining the Current Market Price of any class of Limited Partner Interests, a day on which the principal National Securities Exchange on which such class of Limited Partner Interests is listed or admitted to trading is open for the transaction of business or, if Limited Partner Interests of a class are not listed or admitted to trading on any National Securities Exchange, a day on which banking institutions in New York City generally are open.

"*transfer*" is defined in Section 4.4(a).

"*Transfer Agent*" means such bank, trust company or other Person (including the General Partner or one of its Affiliates) as may be appointed from time to time by the Partnership to act as registrar and transfer agent for any class of Partnership Interests; *provided*, that if no Transfer Agent is specifically designated for any class of Partnership Interests, the General Partner shall act in such capacity.

"*Underwriter*" means each Person named as an underwriter in Schedule I to the Underwriting Agreement who purchases Common Units pursuant thereto.

"*Underwriting Agreement*" means that certain Underwriting Agreement, dated as of September 19, 2012, among the Underwriters, the Partnership, the General Partner, SHC and the other parties thereto, providing for the purchase of Common Units by the Underwriters.

"*Unit*" means a Partnership Interest that is designated as a "Unit" and shall include Common Units and Class C Units but shall not include (i) the General Partner Interest or (ii) Incentive Distribution Rights.

"*Unitholders*" means the holders of Units.

"*Unit Majority*" means at least a majority of the Outstanding Common Units.

"*Unpaid MQD*" is defined in Section 6.1(c)(i)(B).

"*Unrealized Gain*" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date (as determined under Section 5.5(d)) over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.5(d) as of such date).

"*Unrealized Loss*" attributable to any item of Partnership property means, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 5.5(d) as of such date) over (b) the fair market value of such property as of such date (as determined under Section 5.5(d)).

"*Unrecovered Initial Unit Price*" means at any time, with respect to a Unit, the Initial Unit Price less the sum of all distributions constituting Capital Surplus theretofore made in respect of an Initial Common Unit and any distributions of cash (or the Net Agreed Value of any distributions in kind) in connection with the dissolution and liquidation of the Partnership theretofore made in respect of an Initial Common Unit, adjusted as the General Partner determines to be appropriate to give effect to any distribution, subdivision, or combination of such Units.

"*Unrestricted Person*" means (a) each Indemnitee, (b) each Partner, (c) each Person who is or was a member, partner, director, officer, employee or agent of any Group Member, a General Partner or any Departing General Partner or any Affiliate of any Group Member, a General Partner or any Departing General Partner and (d) any Person the General Partner designates as an "Unrestricted Person" for purposes of this Agreement.

"*U.S. GAAP*" means United States generally accepted accounting principles, as in effect from time to time, consistently applied.

"*Withdrawal Opinion of Counsel*" is defined in Section 11.1(b).

"*Working Capital Borrowings*" means borrowings used solely for working capital purposes or to pay distributions to Partners, made pursuant to a credit facility, commercial paper facility or other similar financing arrangement; provided that when incurred it is the intent of the borrower to repay such borrowings within 12 months from sources other than additional Working Capital Borrowings.

Section 1.2 *Construction*. Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; (c) the terms "include", "includes", "including" and words of like import shall be deemed to be followed by the words "without limitation"; and (d) the terms "hereof", "herein" and "hereunder" refer to this Agreement as a whole and not to any particular provision of this Agreement. The table of contents and headings contained in this Agreement are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement.

Article II

ORGANIZATION

Section 2.1 *Formation*. The General Partner and the Organizational Limited Partner have previously formed the Partnership as a limited partnership pursuant to the provisions of the Delaware Act. The Prior Agreement is hereby amended and restated by this Agreement, and this Agreement shall become effective as of the date hereof. Except as expressly provided to the contrary in this Agreement, the rights, duties (including fiduciary duties), liabilities and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act.

Section 2.2 *Name*. The name of the Partnership shall be "Sunoco LP". The Partnership's business may be conducted under any other name or names as determined by the General Partner, including the name of the General Partner. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purpose of complying with the laws of any jurisdiction that so requires. The General Partner may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3 *Registered Office; Registered Agent; Principal Office; Other Offices*. Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at 251 Little Falls Drive, Wilmington, Delaware, 19808, and the registered agent for service of process of the Partnership in the State of Delaware at such registered office shall be Corporation Service Company. The principal office of the Partnership shall be located at 8111 Westchester Drive, Suite 400, Dallas, Texas 75225, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner determines to be necessary or appropriate. The address of the General Partner shall be 8111 Westchester Drive, Suite 400, Dallas, Texas 75225, or such other place as the General Partner may from time to time designate by notice to the Limited Partners.

Section 2.4 *Purpose and Business*. The purpose and nature of the business to be conducted by the Partnership shall be to (a) engage directly in, or enter into or form, hold and dispose of any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that is approved by the General Partner, in its sole discretion, and that lawfully may be conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, and (b) do anything necessary or appropriate to the foregoing, including the making of capital contributions or loans to a Group Member; *provided, however*, that the General Partner shall not cause the Partnership to engage, directly or indirectly, in any business activity that the General Partner determines would be reasonably likely to cause the Partnership to be treated as an association taxable as a corporation or otherwise taxable as an entity for U.S. federal income tax purposes. To the fullest extent permitted by law, the General Partner shall have no duty or obligation to propose or approve, and may, in its sole discretion, decline to propose or approve, the conduct by the Partnership of any business.

Section 2.5 *Powers*. The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 2.4 and for the protection and benefit of the Partnership.

Section 2.6 *Term*. The term of the Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the dissolution of the Partnership in accordance with the provisions of Article XII. The existence of the Partnership as a separate legal entity shall continue until the cancellation of the Certificate of Limited Partnership as provided in the Delaware Act.

Section 2.7 *Title to Partnership Assets*. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; *provided, however*, that the General Partner shall use reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership or one or more of the Partnership's designated Affiliates as soon as reasonably practicable; *provided, further*, that, prior to the withdrawal or removal of the General Partner or as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the General Partner. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held.

Article III

RIGHTS OF LIMITED PARTNERS

Section 3.1 *Limitation of Liability*. The Limited Partners shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

Section 3.2 *Management of Business*. No Limited Partner, in its capacity as such, shall participate in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. All actions taken by any Affiliate of the General Partner or any officer, director, employee, manager, member, general partner, agent or trustee of the General Partner or any of its Affiliates, or any officer, director, employee, manager, member, general partner, agent or trustee of a Group Member, in its capacity as such, shall not be deemed to be participating in the control of the business of the Partnership by a limited partner of the Partnership (within the meaning of Section 17-303(a) of the Delaware Act) and shall not affect, impair or eliminate the limitations on the liability of the Limited Partners under this Agreement.

Section 3.3 *Outside Activities of the Limited Partners*. Subject to the provisions of Section 7.6, which shall continue to be applicable to the Persons referred to therein, regardless of whether such Persons shall also be Limited Partners, each Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership Group. Neither the Partnership nor any of the other Partners shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner.

Section 3.4 *Rights of Limited Partners.*

(a) Each Limited Partner shall have the right, for a purpose that is reasonably related, as determined by the General Partner, to such Limited Partner's interest as a Limited Partner in the Partnership, upon reasonable written demand stating the purpose of such demand and at such Limited Partner's own expense, to obtain:

(i) true and full information regarding the status of the business and financial condition of the Partnership (provided that the requirements of this Section 3.4(a)(i) shall be satisfied if the Limited Partner is furnished the Partnership's most recent annual report and any subsequent periodic reports required to be filed (or which would be required to be filed) with the Commission pursuant to Section 13 of the Securities Exchange Act);

(ii) a current list of the name and last known business, residence or mailing address of each Record Holder; and

(iii) a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, together with copies of the executed copies of all powers of attorney pursuant to which this Agreement, the Certificate of Limited Partnership and all amendments thereto have been executed.

(b) The rights to information granted to each of the Limited Partners pursuant to Section 3.4(a) replace in their entirety any rights to information provided for in Section 17-305(a) of the Delaware Act and each of the Partners and each other Person or Group who acquires an interest in Partnership Interests hereby agrees to the fullest extent permitted by law that they do not have any rights as Partners to receive any information either pursuant to Sections 17-305(a) of the Delaware Act or otherwise except for the information identified in Section 3.4(a).

(c) The General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner deems reasonable, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner believes (A) is not in the best interests of the Partnership Group, (B) could damage the Partnership Group or its business or (C) that any Group Member is required by law or by agreement with any third party to keep confidential (other than agreements with Affiliates of the Partnership the primary purpose of which is to circumvent the obligations set forth in this Section 3.4).

(d) Notwithstanding any other provision of this Agreement or Section 17-305 of the Delaware Act, each of the Partners, each other Person who acquires an interest in a Partnership Interest and each other Person bound by this Agreement hereby agrees to the fullest extent permitted by law that they do not have rights to receive information from the Partnership or any Indemnitee for the purpose of determining whether to pursue litigation or assist in pending litigation against the Partnership or any Indemnitee relating to the affairs of the Partnership except pursuant to the applicable rules of discovery relating to litigation commenced by such Person.

Article IV

CERTIFICATES; RECORD HOLDERS; TRANSFER OF PARTNERSHIP INTERESTS; REDEMPTION OF PARTNERSHIP INTERESTS

Section 4.1 *Certificates*. Notwithstanding anything to the contrary herein, unless the General Partner shall determine otherwise in respect of some or all of any or all classes of Partnership Interests, Partnership Interests shall not be evidenced by certificates. Certificates that may be issued shall be executed on behalf of the Partnership by the Chairman of the Board, President, the Chief Executive Officer or any Senior Vice President or Vice President and the Chief Financial Officer or the Secretary or any Assistant Secretary of the General Partner. No Certificate for a class of Partnership Interests shall be valid for any purpose until it has been countersigned by the Transfer Agent for such class of Partnership Interests; *provided, however*, that if the General Partner elects to cause the Partnership to issue Partnership Interests of such class in global form, the Certificate shall be valid upon receipt of a certificate from the Transfer Agent certifying that the Partnership Interests have been duly registered in accordance with the directions of the Partnership.

Section 4.2 *Mutilated, Destroyed, Lost or Stolen Certificates*.

(a) If any mutilated Certificate is surrendered to the Transfer Agent, the appropriate officers of the General Partner on behalf of the Partnership shall execute, and the Transfer Agent shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number and type of Partnership Interests as the Certificate so surrendered.

(b) The appropriate officers of the General Partner on behalf of the Partnership shall execute and deliver, and the Transfer Agent shall countersign, a new Certificate in place of any Certificate previously issued, if the Record Holder of the Certificate:

(i) makes proof by affidavit, in form and substance satisfactory to the General Partner, that a previously issued Certificate has been lost, destroyed or stolen;

(ii) requests the issuance of a new Certificate before the General Partner has notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the General Partner, delivers to the General Partner a bond, in form and substance satisfactory to the General Partner, with surety or sureties and with fixed or open penalty as the General Partner may direct to indemnify the Partnership, the Partners, the General Partner and the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and

(iv) satisfies any other reasonable requirements imposed by the General Partner or the Transfer Agent.

If a Limited Partner fails to notify the General Partner within a reasonable period of time after such Limited Partner has notice of the loss, destruction or theft of a Certificate, and a transfer of the Limited Partner Interests represented by the Certificate is registered before the Partnership, the General Partner or the Transfer Agent receives such notification, the Limited Partner shall be precluded from making any claim against the Partnership, the General Partner or the Transfer Agent for such transfer or for a new Certificate.

(c) As a condition to the issuance of any new Certificate under this Section 4.2, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent) reasonably connected therewith.

Section 4.3 *Record Holders*. The Partnership shall be entitled to recognize the Record Holder as the Partner with respect to any Partnership Interest and, accordingly, shall not be bound to recognize any equitable or other claim to, or interest in, such Partnership Interest on the part of any other Person, regardless of whether the Partnership shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which such Partnership Interests are listed or admitted to trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Partnership Interests, as between the Partnership on the one hand, and such other Persons on the other, such representative Person shall be (a) the Record Holder of such Partnership Interest and (b) bound by this Agreement and shall have the rights and obligations of a Partner hereunder as, and to the extent, provided herein.

Section 4.4 *Transfer Generally.*

(a) The term “transfer,” when used in this Agreement with respect to a Partnership Interest, shall mean a transaction (i) by which the General Partner assigns its General Partner Interest to another Person, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise or (ii) by which the holder of a Limited Partner Interest assigns such Limited Partner Interest to another Person who is or becomes a Limited Partner, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, excluding a pledge, encumbrance, hypothecation or mortgage but including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article IV. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article IV shall be, to the fullest extent permitted by law, null and void.

(c) Nothing contained in this Agreement shall be construed to prevent a disposition by any stockholder, member, partner or other owner of any Partner of any or all of the shares of stock, membership interests, partnership interests or other ownership interests in such Partner and the term “transfer” shall not mean any such disposition.

Section 4.5 *Registration and Transfer of Limited Partner Interests.*

(a) The General Partner shall keep or cause to be kept on behalf of the Partnership a register in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 4.5(b), the Partnership will provide for the registration and transfer of Limited Partner Interests.

(b) The Partnership shall not recognize any transfer of Limited Partner Interests evidenced by Certificates until the Certificates evidencing such Limited Partner Interests are surrendered for registration of transfer. No charge shall be imposed by the General Partner for such transfer; *provided*, that as a condition to the issuance of any new Certificate under this Section 4.5, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto. Upon surrender of a

Certificate for registration of transfer of any Limited Partner Interests evidenced by a Certificate, and subject to the provisions hereof, the appropriate officers of the General Partner on behalf of the Partnership shall execute and deliver, and in the case of Certificates evidencing Limited Partner Interests, the Transfer Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Certificates evidencing the same aggregate number and type of Limited Partner Interests as was evidenced by the Certificate so surrendered.

(c) By acceptance of the transfer of any Limited Partner Interests in accordance with this Section 4.5 and except as provided in Section 4.8, each transferee of a Limited Partner Interest (including any nominee holder or an agent or representative acquiring such Limited Partner Interests for the account of another Person) acknowledges and agrees to the provisions of Section 10.1(a).

(d) Subject to (i) the foregoing provisions of this Section 4.5, (ii) Section 4.3, (iii) Section 4.7, (iv) with respect to any class or series of Limited Partner Interests, the provisions of any statement of designations or an amendment to this Agreement establishing such class or series, (v) any contractual provisions binding on any Limited Partner and (vi) provisions of applicable law including the Securities Act, Limited Partner Interests shall be freely transferable.

(e) The General Partner and its Affiliates shall have the right at any time to transfer their Common Units and Incentive Distribution Rights to one or more Persons.

Section 4.6 *Transfer of the General Partner's General Partner Interest.*

(a) Subject to Section 4.6(b) below, the General Partner may at its option transfer all or any part of its General Partner Interest without approval from any other Partner.

(b) Notwithstanding anything herein to the contrary, no transfer by the General Partner of all or any part of its General Partner Interest to another Person shall be permitted unless (i) the transferee agrees to assume the rights and duties of the General Partner under this Agreement and to be bound by the provisions of this Agreement, (ii) the Partnership receives an Opinion of Counsel that such transfer would not result in the loss of limited liability under the Delaware Act of any Limited Partner or cause the Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already so treated or taxed) and (iii) such transferee also agrees to purchase all (or the appropriate portion thereof, if applicable) of the partnership or membership interest held by the General Partner as the general partner or managing member, if any, of each other Group Member. In the case of a transfer pursuant to and in compliance with this Section 4.6, the transferee or successor (as the case may be) shall, subject to compliance with the terms of Section 10.2, be admitted to the Partnership as the General Partner effective immediately prior to the transfer of the General Partner Interest, and the business of the Partnership shall continue without dissolution.

Section 4.7 *Restrictions on Transfers.*

(a) Notwithstanding the other provisions of this Article IV, no transfer of any Partnership Interests shall be made if such transfer would (i) violate the then applicable federal or state securities laws or rules and regulations of the Commission, any state securities commission or any other governmental authority with jurisdiction over such transfer, (ii) terminate the existence or qualification of the Partnership under the laws of the jurisdiction of its formation, or (iii) cause the Partnership to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already so treated or taxed).

(b) The General Partner may impose restrictions on the transfer of Partnership Interests if it determines, with the advice of counsel, that such restrictions are necessary or advisable to (i) avoid a significant risk of the Partnership becoming taxable as a corporation or otherwise becoming taxable as an entity for U.S. federal income tax purposes or (ii) preserve the uniformity of the Limited Partner Interests (or any class or classes thereof). The General Partner may impose such restrictions by amending this Agreement; *provided, however*, that any amendment that would result in the delisting or suspension of trading of any class of Limited Partner Interests on the principal National Securities Exchange on which such class of Limited Partner Interests is then listed or admitted to trading must be approved, prior to such amendment being effected, by the holders of at least a majority of the Outstanding Limited Partner Interests of such class.

(c) Nothing contained in this Agreement, other than Section 4.7(a), shall preclude the settlement of any transactions involving Partnership Interests entered into through the facilities of any National Securities Exchange on which such Partnership Interests are listed or admitted to trading.

(d) *Intentionally deleted*.

(e) The transfer of an IDR Reset Common Unit that was issued in connection with an IDR Reset Election pursuant to Section 5.11 shall be subject to the restrictions imposed by Section 6.8.

Section 4.8 *Eligibility Certificates; Ineligible Holders.*

(a) If at any time the General Partner determines, with the advice of counsel, that:

(i) the U.S. federal income tax status (or lack of proof of the U.S. federal income tax status) of one or more Limited Partners or their beneficial owners has or is reasonably likely to have a material adverse effect on the rates that can be charged to customers by any Group Member with respect to assets that are subject to regulation by the Federal Energy Regulatory Commission or similar regulatory body (a "***Rate Eligibility Trigger***"); or

(ii) any Group Member is subject to any federal, state or local law or regulation that would create a substantial risk of cancellation or forfeiture of any property in which the Group Member has an interest based on the nationality, citizenship or other related status of a Limited Partner (a "***Citizenship Eligibility Trigger***");

then, the General Partner may adopt such amendments to this Agreement as it determines to be necessary or appropriate to (x) in the case of a Rate Eligibility Trigger, obtain such proof of the U.S. federal income tax status of the Limited Partners and, to the extent relevant, their beneficial owners, as the General Partner determines to be necessary or appropriate to reduce risk of the occurrence of a material adverse effect on the rates that can be charged to customers by any Group Member or (y) in the case of a Citizenship Eligibility Trigger, obtain such proof of the nationality, citizenship or other related status of the Limited Partner and, to the extent relevant, their beneficial owners as the General Partner determines to be necessary or appropriate to eliminate or mitigate a significant risk of cancellation or forfeiture of any properties or interests therein of a Group Member.

(b) Such amendments may include provisions requiring all Partners to certify as to their (and their beneficial owners') status as Eligible Holders upon demand and on a regular basis, as determined by the General Partner, and may require transferees of Units to so certify prior to being admitted to the Partnership as a Partner (any such required certificate, an "***Eligibility Certificate***").

(c) Such amendments may provide that any Partner who fails to furnish to the General Partner within a reasonable period requested proof of its (and its beneficial owners') status as an Eligible Holder or if upon receipt of such Eligibility Certificate or other requested information the General Partner determines that a Limited Partner (or its beneficial owner) is not an Eligible Holder (an "***Ineligible Holder***"), the Partnership Interests owned by such Limited Partner shall be subject to redemption in accordance with the provisions of Section 4.9. In addition, the General Partner shall be substituted and treated as the owner of all Partnership Interests owned by an Ineligible Holder.

(d) The General Partner shall, in exercising voting rights in respect of Partnership Interests held by it on behalf of Ineligible Holders, cast such votes in the same manner and in the same ratios as the votes of Partners (including the General Partner and its Affiliates) in respect of Partnership Interests other than those of Ineligible Holders are cast.

(e) Upon dissolution of the Partnership, an Ineligible Holder shall have no right to receive a distribution in kind pursuant to Section 12.4 but shall be entitled to the cash equivalent thereof, and the Partnership shall provide cash in exchange for an assignment of the Ineligible Holder's share of any distribution in kind. Such payment and assignment shall be treated for purposes hereof as a purchase by the Partnership from the Ineligible Holder of the portion of his Partnership Interest representing his right to receive his share of such distribution in kind.

(f) At any time after he can and does certify that he has become an Eligible Holder, an Ineligible Holder may, upon application to the General Partner, request that with respect to any Partnership Interests of such Ineligible Holder not redeemed pursuant to Section 4.9, such Ineligible Holder be admitted as a Partner, and upon approval of the General Partner, such Ineligible Holder shall be admitted as a Partner and shall no longer constitute an Ineligible Holder and the General Partner shall cease to be deemed to be the owner in respect of such Ineligible Holder's Partnership Interests.

Section 4.9 *Redemption of Partnership Interests of Ineligible Holders*.

(a) If at any time a Partner falsely certifies its status as an Eligible Holder or fails to furnish an Eligibility Certificate or other information requested within the period of time specified in amendments adopted pursuant to Section 4.8 or if upon receipt of such Eligibility Certificate, the General Partner determines, with the advice of counsel, that a Partner is an Ineligible Holder, the Partnership may, unless the Partner establishes to the satisfaction of the General Partner that such Partner is an Eligible Holder or has transferred his Limited Partner Interests to a Person who is an Eligible Holder and who furnishes an Eligibility Certificate to the General Partner prior to the date fixed for redemption as provided below, redeem the Partnership Interest of such Partner as follows:

(i) The General Partner shall, not later than the 30th day before the date fixed for redemption, give notice of redemption to the Partner, at his last address designated on the records of the Partnership or the Transfer Agent, as applicable, by registered or certified mail, postage prepaid. The notice shall be deemed to have been given when so mailed. The notice shall specify the Redeemable Interests, the date fixed for redemption, the place of payment, that payment of the redemption price will be made upon redemption of the Redeemable Interests (or, if later in the case of Redeemable Interests evidenced by Certificates, upon surrender of the

Certificate evidencing the Redeemable Interests) and that on and after the date fixed for redemption no further allocations or distributions to which the Partner would otherwise be entitled in respect of the Redeemable Interests will accrue or be made.

(ii) The aggregate redemption price for Redeemable Interests shall be an amount equal to the Current Market Price (the date of determination of which shall be the date fixed for redemption) of Partnership Interests of the class to be so redeemed multiplied by the number of Partnership Interests of each such class included among the Redeemable Interests. The redemption price shall be paid, as determined by the General Partner, in cash or by delivery of a promissory note of the Partnership in the principal amount of the redemption price, bearing interest at the rate of 8% annually and payable in three equal annual installments of principal together with accrued interest, commencing one year after the redemption date.

(iii) The Partner or his duly authorized representative shall be entitled to receive the payment for the Redeemable Interests at the place of payment specified in the notice of redemption on the redemption date (or, if later in the case of Redeemable Interests evidenced by Certificates, upon surrender by or on behalf of the Partner at the place specified in the notice of redemption, of the Certificate evidencing the Redeemable Interests, duly endorsed in blank or accompanied by an assignment duly executed in blank).

(iv) After the redemption date, Redeemable Interests shall no longer constitute issued and Outstanding Limited Partner Interests.

(b) The provisions of this Section 4.9 shall also be applicable to Partnership Interests held by a Partner as nominee of a Person determined to be an Ineligible Holder.

(c) Nothing in this Section 4.9 shall prevent the recipient of a notice of redemption from transferring his Partnership Interest before the redemption date if such transfer is otherwise permitted under this Agreement. Upon receipt of notice of such a transfer, the General Partner shall withdraw the notice of redemption, provided the transferee of such Partnership Interest certifies to the satisfaction of the General Partner that he is an Eligible Holder. If the transferee fails to make such certification, such redemption will be effected from the transferee on the original redemption date.

Article V

CAPITAL CONTRIBUTIONS AND ISSUANCE OF PARTNERSHIP INTERESTS

Section 5.1 *Organizational Contributions*. In connection with the formation of the Partnership under the Delaware Act, the General Partner was admitted as the General Partner of the Partnership. The Organizational Limited Partner made an initial Capital Contribution to the Partnership in the amount of $1,000.00 in exchange for a Limited Partner Interest equal to a 100% Percentage Interest and has been admitted as a Limited Partner of the Partnership. As of the Closing Date, and effective with the admission of another Limited Partner to the Partnership, the interests of the Organizational Limited Partner were redeemed as provided in the Contribution Agreement and the initial Capital Contribution of the Organizational Limited Partner was refunded. One-hundred percent of any interest or other profit that may have resulted from the investment or other use of such initial Capital Contribution was allocated and distributed to the Organizational Limited Partner.

Section 5.2 *Contributions by the General Partner and its Affiliates*. On the Closing Date and pursuant to the Contribution Agreement, SHC and its subsidiaries contributed to the Partnership, as a Capital Contribution, the Susser Operating Interests (as defined in the Contribution Agreement) in exchange for 14,436 Common Units, 10,939,436 Subordinated

Units, the Incentive Distribution Rights and the right to receive the Deferred Issuance and Distribution.

Section 5.3 *Contributions by Initial Limited Partners.*

(a) On the Closing Date and pursuant to the Underwriting Agreement, each Underwriter contributed cash to the Partnership in exchange for the issuance by the Partnership of Common Units to each Underwriter, all as set forth in the Underwriting Agreement.

(b) Upon the exercise, if any, of the Over-Allotment Option, each Underwriter contributed cash to the Partnership in exchange for the issuance by the Partnership of Common Units to each Underwriter, all as set forth in the Underwriting Agreement.

Section 5.4 *Interest and Withdrawal*. No interest shall be paid by the Partnership on Capital Contributions. No Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon liquidation of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement. Except to the extent expressly provided in this Agreement, no Partner shall have priority over any other Partner either as to the return of Capital Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners agree within the meaning of Section 17-502(b) of the Delaware Act.

Section 5.5 *Capital Accounts.*

(a) The Partnership shall maintain for each Partner (or a beneficial owner of Partnership Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method acceptable to the General Partner) owning a Partnership Interest a separate Capital Account with respect to such Partnership Interest in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Such Capital Account shall be increased by (i) the amount of all Capital Contributions made to the Partnership with respect to such Partnership Interest and (ii) all items of Partnership income and gain (including income and gain exempt from tax) computed in accordance with Section 5.5(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1, and decreased by (x) the amount of cash or Net Agreed Value of all actual and deemed distributions of cash or property made with respect to such Partnership Interest and (y) all items of Partnership deduction and loss computed in accordance with Section 5.5(b) and allocated with respect to such Partnership Interest pursuant to Section 6.1.

(b) For purposes of computing the amount of any item of income, gain, loss or deduction that is to be allocated pursuant to Article VI and is to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for U.S. federal income tax purposes (including any method of depreciation, cost recovery or amortization used for that purpose), *provided*, that:

(i) Solely for purposes of this Section 5.5, the Partnership shall be treated as owning directly its proportionate share (as determined by the General Partner based upon the provisions of the applicable Group Member Agreement) of all property owned by (x) any other Group Member that is classified as a partnership for U.S. federal income tax purposes and (y) any other partnership, limited liability company, unincorporated business or other entity classified as a partnership for U.S. federal income tax purposes of which a Group Member is, directly or indirectly, a partner, member or other equity holder.

(ii) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can neither be deducted nor amortized under Section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are incurred and shall be allocated among the Partners pursuant to Section 6.1.

(iii) Except as otherwise provided in Treasury Regulation Section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under Section 754 of the Code that may be made by the Partnership and, as to those items described in Section 705(a)(1)(B) or 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for U.S. federal income tax purposes. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment in the Capital Accounts shall be treated as an item of gain or loss.

(iv) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the property's Carrying Value as of such date.

(v) Any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property or Adjusted Property shall be determined under the rules prescribed by Treasury Regulation Section 1.704-3(d)(2) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment.

(vi) The Gross Liability Value of each Liability of the Partnership described in Treasury Regulation Section 1.752-7(b)(3)(i) shall be adjusted at such times as provided in this Agreement for an adjustment to Carrying Values. The amount of any such adjustment shall be treated for purposes hereof as an item of loss (if the adjustment increases the Carrying Value of such Liability of the Partnership) or an item of gain (if the adjustment decreases the Carrying Value of such Liability of the Partnership).

(c) (i) Except as otherwise provided in this Section 5.5(c), a transferee of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor relating to the Partnership Interest so transferred.

(i) *Intentionally deleted*.

(ii) Subject to 6.8(b), immediately prior to the transfer of an IDR Reset Common Unit by a holder thereof (other than a transfer to an Affiliate unless the General Partner elects to have this subparagraph 5.5(c)(iii) apply), the Capital Account maintained for such Person with respect to its IDR Reset Common Units will (A) first, be allocated to the IDR Reset Common Units to be transferred in an amount equal to the product of (x) the number of such IDR Reset Common Units to be transferred and (y) the Per Unit Capital Amount for a Common Unit, and (B) second, any remaining balance in such Capital Account will be retained by the transferor, regardless of whether it has retained any IDR Reset Common Units. Following any such allocation, the transferor's Capital Account, if any, maintained with respect to the retained IDR Reset Common Units, if any, will have a balance equal to the amount allocated under clause (B) hereinabove, and the transferee's Capital Account established with respect to the transferred IDR Reset Common Units will have a balance equal to the amount allocated under clause (A) above.

(d) (i) Consistent with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), on an issuance of additional Partnership Interests for cash or Contributed Property, the issuance of Partnership Interests as consideration for the provision of services, or the conversion of the Combined Interest to Common Units pursuant to Section 11.3(b), the Carrying Value of each Partnership property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, and any such Unrealized Gain or Unrealized Loss shall be treated, for purposes of maintaining Capital Accounts, as if it had been recognized on an actual sale of each such property for an amount equal to its fair market value immediately prior to such issuance and had been allocated among the Partners at such time pursuant to Section 6.1 in the same manner as any item of gain or loss actually recognized following an event giving rise to the dissolution of the Partnership would have been allocated; *provided, however*, that in the event of an issuance of Partnership Interests for a de minimis amount of cash or Contributed Property, or in the event of an issuance of a de minimis amount of Partnership Interests as consideration for the provision of services, the General Partner may determine that such adjustments are unnecessary for the proper administration of the Partnership. In determining such Unrealized Gain or Unrealized Loss, the aggregate fair market value of all Partnership property (including cash or cash equivalents) immediately prior to the issuance of additional Partnership Interests shall be determined by the General Partner using such method of valuation as it may adopt. In making its determination of the fair market values of individual properties, the General Partner may determine that it is appropriate to first determine an aggregate value for the Partnership, based on the current trading price of the Common Units, and taking fully into account the fair market value of the Partnership Interests of all Partners at such time, and then allocate such aggregate value among the individual properties of the Partnership (in such manner as it determines appropriate).

(i) In accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(f), immediately prior to any actual or deemed distribution to a Partner of any Partnership property (other than a distribution of cash that is not in redemption or retirement of a Partnership Interest), the Carrying Value of all Partnership property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, and any such Unrealized Gain or Unrealized Loss shall be treated, for purposes of maintaining Capital Accounts, as if it had been recognized on an actual sale of each such property immediately prior to such distribution for an amount equal to its fair market value, and had been allocated among the Partners, at such time, pursuant to Section 6.1 in the same manner as any item of gain or loss actually recognized following an event giving rise to the dissolution of the Partnership would have been allocated. In determining such Unrealized Gain or Unrealized Loss the aggregate fair market value of all Partnership property (including cash or cash equivalents) immediately prior to a distribution shall (A) in the case of an actual or deemed distribution other than a distribution made pursuant to Section 12.4, be determined in the same manner as that provided in Section 5.5(d)(i) or (B) in the case of a liquidating distribution pursuant to Section 12.4, be determined by the Liquidator using such method of valuation as it may adopt.

Section 5.6 *Issuances of Additional Partnership Interests.*

(a) The Partnership may issue additional Partnership Interests and Derivative Instruments for any Partnership purpose at any time and from time to time to such Persons for such consideration and on such terms and conditions as the General Partner shall determine, all without the approval of any Limited Partners.

(b) Each additional Partnership Interest authorized to be issued by the Partnership pursuant to Section 5.6(a) may be issued in one or more classes, or one or more series of any such classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Partnership Interests), as shall be fixed by the General Partner, including (i) the right to share in Partnership profits and losses or items thereof; (ii) the right to share in Partnership distributions; (iii) the rights upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may or shall be required to redeem the Partnership Interest (including sinking fund provisions); (v) whether such Partnership Interest is issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which each Partnership Interest will be issued, evidenced by certificates and assigned or transferred; (vii) the method for determining the Percentage Interest as to such Partnership Interest; and (viii) the right, if any, of each such Partnership Interest to vote on Partnership matters, including matters relating to the relative rights, preferences and privileges of such Partnership Interest.

(c) The General Partner shall take all actions that it determines to be necessary or appropriate in connection with (i) each issuance of Partnership Interests and Derivative Instruments pursuant to this Section 5.6, (ii) the conversion of the Combined Interest into Units pursuant to the terms of this Agreement, (iii) the issuance of Common Units pursuant to Section 5.11, (iv) reflecting admission of such additional Limited Partners in the books and records of the Partnership as the Record Holders of such Limited Partner Interests and (v) all additional issuances of Partnership Interests. The General Partner shall determine the relative rights, powers and duties of the holders of the Units or other Partnership Interests being so issued. The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and directed to do all things that it determines to be necessary or appropriate in connection with any future issuance of Partnership Interests or in connection with the conversion of the Combined Interest into Units pursuant to the terms of this Agreement, including compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency or any National Securities Exchange on which the Units or other Partnership Interests are listed or admitted to trading.

(d) No fractional Units shall be issued by the Partnership.

Section 5.7 *Intentionally deleted.*

Section 5.8 *Limited Preemptive Right*. Except as provided in this Section 5.8 or as otherwise provided in a separate agreement by the Partnership, no Person shall have any preemptive, preferential or other similar right with respect to the issuance of any Partnership Interest, whether unissued, held in the treasury or hereafter created. The General Partner shall have the right, which it may from time to time assign in whole or in part to any of its Affiliates, to purchase Partnership Interests from the Partnership whenever, and on the same terms that, the Partnership issues Partnership Interests to Persons other than the General Partner and its Affiliates, to the extent necessary to maintain the Percentage Interests of the General Partner and its Affiliates equal to that which existed immediately prior to the issuance of such Partnership Interests.

Section 5.9 *Splits and Combinations.*

(a) Subject to Section 5.9(d), the Partnership may make a Pro Rata distribution of Partnership Interests to all Record Holders or may effect a subdivision or combination of Partnership Interests so long as, after any such event, each Partner shall have the same Percentage Interest in the Partnership as before such event, and any amounts calculated on a per Unit basis or stated as a number of Units are proportionately adjusted retroactive to the beginning of the Partnership.

(b) Whenever such a distribution, subdivision or combination of Partnership Interests is declared, the General Partner shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall send notice thereof at least 20 days prior to such Record Date to each Record Holder as of a date not less than 10 days prior to the date of such notice. The General Partner also may cause a firm of independent public accountants selected by it to calculate the number of Partnership Interests to be held by each Record Holder after giving effect to such distribution, subdivision or combination. The General Partner shall be entitled to rely on any certificate provided by such firm as conclusive evidence of the accuracy of such calculation.

(c) Promptly following any such distribution, subdivision or combination, the Partnership may issue Certificates to the Record Holders of Partnership Interests as of the applicable Record Date representing the new number of Partnership Interests held by such Record Holders, or the General Partner may adopt such other procedures that it determines to be necessary or appropriate to reflect such changes. If any such combination results in a smaller total number of Partnership Interests Outstanding, the Partnership shall require, as a condition to the delivery to a Record Holder of such new Certificate, the surrender of any Certificate held by such Record Holder immediately prior to such Record Date.

(d) The Partnership shall not issue fractional Units upon any distribution, subdivision or combination of Units. If a distribution, subdivision or combination of Units would result in the issuance of fractional Units but for the provisions of Section 5.6(d) and this Section 5.9(d), each fractional Unit shall be rounded to the nearest whole Unit (and a 0.5 Unit shall be rounded to the next higher Unit).

Section 5.10 *Fully Paid and Non-Assessable Nature of Limited Partner Interests*. All Limited Partner Interests issued pursuant to, and in accordance with the requirements of, this Article V shall be fully paid and non-assessable Limited Partner Interests in the Partnership, except as such non-assessability may be affected by Section 17-607 or 17-804 of the Delaware Act.

Section 5.11 *Issuance of Common Units in Connection with Reset of Incentive Distribution Rights.*

(a) Subject to the provisions of this Section 5.11, the holder of the Incentive Distribution Rights (or, if there is more than one holder of the Incentive Distribution Rights, the holders of a majority in interest of the Incentive Distribution Rights) shall have the right, at any time when the Partnership has made a distribution pursuant to Section 6.4(b)(v) for each of the four most recently completed Quarters and the amount of each such distribution did not exceed Adjusted Operating Surplus for such Quarter, to make an election (the "***IDR Reset Election***") to cause the Target Distributions to be reset in accordance with the provisions of Section 5.11(e) and, in connection therewith, the holder or holders of the Incentive Distribution Rights will become entitled to receive their respective proportionate share of a number of Common Units (the "***IDR Reset Common Units***") derived by dividing (i) the average amount of aggregate cash distributions made by the Partnership for the two full Quarters immediately preceding the giving of the Reset Notice (as defined in Section 5.11(b)) in respect of the Incentive Distribution Rights by (ii) the average of the cash distributions made by the Partnership in respect of each Common Unit for the two full Quarters immediately preceding the giving of the Reset Notice (the "***Reset MQD***") (the number of Common Units determined by such quotient is referred to herein as the "***Aggregate Quantity of IDR Reset Common Units***"). The making of the IDR Reset Election in the manner specified in Section 5.11(b) shall cause the Target Distributions to be reset in accordance with the provisions of Section 5.11(e) and, in connection therewith, the holder or holders of the Incentive Distribution Rights will become entitled to receive Common Units on the basis specified above, without any further approval required by the General Partner or the Unitholders, at the time specified in Section 5.11(c) unless the IDR Reset Election is rescinded pursuant to Section 5.11(d).

(b) To exercise the right specified in Section 5.11(a), the holder of the Incentive Distribution Rights (or, if there is more than one holder of the Incentive Distribution Rights, the holders of a majority in interest of the Incentive Distribution Rights) shall deliver a written notice (the "***Reset Notice***") to the Partnership. Within 10 Business Days after the receipt by the Partnership of such Reset Notice, the Partnership shall deliver a written notice to the holder or holders of the Incentive Distribution Rights of the Partnership's determination of the aggregate number of Common Units that each holder of Incentive Distribution Rights will be entitled to receive.

(c) The holder(s) of the Incentive Distribution Rights will be entitled to receive the Aggregate Quantity of IDR Reset Common Units on the fifteenth Business Day after receipt by the Partnership of the Reset Notice; *provided, however*, that the issuance of Common Units to the holder or holders of the Incentive Distribution Rights shall not occur prior to the approval of the listing or admission for trading of such Common Units by the principal National Securities Exchange upon which the Common Units are then listed or admitted for trading if any such approval is required pursuant to the rules and regulations of such National Securities Exchange.

(d) If the principal National Securities Exchange upon which the Common Units are then traded has not approved the listing or admission for trading of the Common Units to be issued pursuant to this Section 5.11 on or before the 30th calendar day following the Partnership's receipt of the Reset Notice and such approval is required by the rules and regulations of such National Securities Exchange, then the holder of the Incentive Distribution Rights (or, if there is more than one holder of the Incentive Distribution Rights, the holders of a majority in interest of the Incentive Distribution Rights) shall have the right to either rescind the IDR Reset Election or elect to receive other Partnership Interests having such terms as the General Partner may approve, with the approval of the Conflicts Committee, that will provide (i) the same economic value, in the aggregate, as the Aggregate Quantity of IDR Reset Common Units would have had at the time of the Partnership's receipt of the Reset Notice, as determined by the General Partner, and (ii) for the subsequent conversion (on terms acceptable to the National Securities Exchange upon which the Common Units are then traded) of such Partnership Interests into Common Units within not more than 12 months following the Partnership's receipt of the Reset Notice upon the satisfaction of one or more conditions that are reasonably acceptable to the holder of the Incentive Distribution Rights (or, if there is more than one holder of the Incentive Distribution Rights, the holders of a majority in interest of the Incentive Distribution Rights).

(e) The Target Distributions shall be adjusted at the time of the issuance of Common Units or other Partnership Interests pursuant to this Section 5.11 such that (i) the Minimum Quarterly Distribution shall be reset to be equal to the Reset MQD, (ii) the First Target Distribution shall be reset to equal 115% of the Reset MQD, (iii) the Second Target Distribution shall be reset to equal 125% of the Reset MQD and (iv) the Third Target Distribution shall be reset to equal 150% of the Reset MQD.

(f) Upon the issuance of IDR Reset Common Units pursuant to Section 5.11(a) (or other Partnership Interests as described in Section 5.11(d)), the Capital Account maintained with respect to the Incentive Distribution Rights shall (A) first, be allocated to IDR Reset Common Units (or other Partnership Interests) in an amount equal to the product of (x) the Aggregate Quantity of IDR Reset Common Units (or other Partnership Interests) and (y) the Per Unit Capital Amount for an Initial Common Unit, and (B) second, any remaining balance in such Capital Account will be retained by the holder of the Incentive Distribution Rights. If there is not a sufficient Capital Account associated with the Incentive Distribution Rights to allocate the full Per Unit Capital Amount for an Initial Common Unit to the IDR Reset Common Units in accordance with clause (A) of this Section 5.11(f), the IDR Reset Common Units shall be subject to Section 6.1(d)(x)(B) and (C).

Section 5.12 *Intentionally deleted.*

Section 5.13 *Intentionally deleted*.

Section 5.14 *Establishment of Class C Units*.

(a) *General*. The General Partner previously designated and created a series of Units designated as "Class C Units" that initially consisted of a total of 16,410,780 Class C Units. In accordance with Section 5.6, the General Partner shall have the power and authority to issue additional Class C Units from time to time following the Class C Unit Effective Date.

(b) *Rights of Class C Units*. The Class C Units shall have the following rights, preferences and privileges and shall be subject to the following duties and obligations (and such rights, preferences, privileges and duties shall continue, and the Class C Units shall continue to be deemed Outstanding to the extent of such rights, preferences, privileges and duties, if and when such Class C Units are held by any Group Member, notwithstanding Section 17-702(d) of the Delaware Act or any provision in Section 7.11 to the contrary):

(i) *Initial Capital Account*. The initial Capital Account with respect to each Class C Unit will be equal the Class C Unit Issue Price.

(ii) *Voting Rights*. Notwithstanding any other provisions of this Agreement, the holders of Class C Units shall not have any voting, consent or approval rights with respect to such Class C Units, except as otherwise required by any non-waivable provision of law. With respect to any matter on which the holders of Class C Units are entitled to vote, each Class C Unit will be entitled to one vote on such matter and shall vote together with the Common Units as a single class.

(iii) *Redemption and Conversion Rights*. The Class C Units shall be perpetual and shall not have any rights of redemption or conversion.

(iv) *Registrar and Transfer Agent.* Unless and until the General Partner determines to assign the responsibility to another Person, the General Partner shall act as the Transfer Agent for the Class C Units.

(v) *Allocations*.

(A) The holders of Class C Units shall not be entitled to receive (i) any allocations of Retail Items, and (ii) except as otherwise provided in this Section 5.14(b)(v), allocations of (1) Net Income pursuant to Section 6.1(a), (2) Net Loss pursuant to Section 6.1(b), or (3) Net Termination Gains and Net Termination Losses pursuant to Section 6.1(c).

(B) Items of Partnership depreciation, amortization and cost recovery deductions for the taxable period shall be allocated to the holders of Class C Units to the extent such items would be allocated to the holders of Class C Units if each Class C Unit were treated as a Common Unit.

(C) For each taxable period, after the application of Section 6.1(c)(i)(A), but before the application of Section 6.1(c)(i)(B), Net Termination Gain (other than from Retail Items) shall be allocated to the holders of the Class C Units, Pro Rata, until the Capital Account of each Class C Unit is equal to the Class C Unit Issue Price.

(D) For each taxable period, after the application of Section 6.1(c)(i)(B), but before the application of Section 6.1(c)(i)(D), the holders of the Class C

Units shall be allocated, Pro Rata, 1% of the remaining aggregate Net Termination Gain (other than from Retail Items), if any, that is to be allocated pursuant to Sections 6.1(c)(i)(D)-(G); *provided, however*, that an allocation shall only be made to the holders of Class C Units pursuant to this Section 5.14(b)(v)(D) if the Capital Account of each Common Unit is equal to or greater than the Class C Unit Issue Price immediately prior to making such allocation.

(E) For each taxable period, after the application of Section 6.1(c)(ii)(B), but before the application of Section 6.1(c)(ii)(C), the holders of the Class C Units shall be allocated Net Termination Loss (other than from Retail Items) until the Capital Account in respect of each Class C Unit has been reduced to zero.

(F) For the purposes of effectuating the intent of the foregoing allocation provisions, the General Partner shall have the sole discretion to make special allocations of items of Partnership gross income, gain, loss or deductions among the Unitholders as it deems reasonable.

(G) Notwithstanding the foregoing, if Retail (or a successor entity thereto that is classified as a corporation for U.S. federal income tax purposes) is an asset of the Partnership in the year in which the Partnership is liquidated and the aggregate balance of the Capital Accounts of the Unitholders (other than the holders of the Class C Units) after the allocations under Section 6.1(c) would be less than the Carrying Value of Retail, then Net Termination Gain or Net Termination Loss, as the case may be, or if necessary items thereof, shall be allocated among the Unitholders to the extent necessary to cause the aggregate balance of the Capital Accounts of the Unitholders (other than the holders of the Class C Units) to equal the Carrying Value of Retail (or a successor as set forth above) after all allocations have been made.

(vi) *Distributions*. Commencing with the Class C Unit Effective Date, the holders of the Class C Units as of an applicable Record Date shall be entitled to receive distributions (each, a "***Class C Quarterly Distribution***") of the Partnership's Available Cash other than Retail Available Cash, prior to any other distributions made in respect of any other Partnership Interests pursuant to Section 6.3, Section 6.4 or Section 6.5, in cash in an amount equal to the Class C Distribution Rate on all Outstanding Class C Units. Distributions shall be paid Quarterly within sixty (60) days following the end of each Quarter, commencing with the Quarter ending December 31, 2015. Each Record Date established for a Class C Quarterly Distribution in respect of any Quarter shall be the same Record Date established for any distribution to be made by the Partnership in respect of other Partnership Interests pursuant to Section 6.3, Section 6.4 or Section 6.5 for such Quarter. Each Class C Quarterly Distribution (or, if applicable, portion thereof) for any Quarter that is payable in cash shall be paid in cash unless either the Partnership's Available Cash other than Retail Available Cash is insufficient to pay the Class C Quarterly Distribution or such payment is prohibited by the terms of the Partnership's material financing agreements, in which case (A) the amount of such accrued and unpaid distributions will accumulate until paid in full in cash, and (B) the balance of such accrued and unpaid distributions shall increase at a rate of 1.5% per annum, compounded quarterly, from the date such distribution was due until the date it is paid. In no event will a holder of Class C Units be entitled to receive any distributions of Retail Available Cash. Notwithstanding anything to the contrary in this Section 5.14(b)(vi), Aloha, as a holder of Class C Units, shall not receive distributions pursuant to this Section 5.14(b)(vi) with respect to the Quarter ending December 31, 2015. For the avoidance of doubt, holders of Class C Units (other than Aloha) shall be entitled to receive distributions pursuant to this Section 5.14(b)(vi) with respect to the Quarter ending December 31, 2015.

(vii) *Certificates*. The Class C Units shall be evidenced by certificates in such form as the General Partner may approve and, subject to the satisfaction of any applicable legal, regulatory and contractual requirements, may be assigned or transferred in a manner identical to the assignment and transfer of other Common Units.

Article VI

ALLOCATIONS AND DISTRIBUTIONS

Section 6.1 *Allocations for Capital Account Purposes*. Except as otherwise required pursuant to Section 5.14(b)(v), for purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, the Partnership's items of income, gain, loss and deduction (computed in accordance with Section 5.5(b)) for each taxable period shall be allocated among the Partners as provided herein below.

(a) *Net Income*. Net Income for each taxable period (including a pro rata part of each item of income, gain, loss and deduction taken into account in computing Net Income for such taxable period) shall be allocated:

(i) First, to the Unitholders to which Net Loss has been allocated pursuant to the proviso provision of Section 6.1(b), in proportion to the allocations of Net Loss pursuant to the proviso provision of Section 6.1(b) until the aggregate Net Income allocated pursuant to this Section 6.1(a)(i) is equal to the aggregate Net Loss previously allocated pursuant to the proviso provision of Section 6.1(b); and

(ii) Thereafter, to the Unitholders, Pro Rata.

(b) *Net Loss*. Net Loss for each taxable period (including a pro rata part of each item of income, gain, loss and deduction taken into account in computing Net Loss for such taxable period) shall be allocated to the Unitholders, Pro Rata; *provided*, that Net Loss shall not be allocated pursuant to this Section 6.1(b) to the extent that such allocation would cause any Unitholder to have a deficit balance in its Adjusted Capital Account at the end of such taxable period (or increase any existing deficit balance in its Adjusted Capital Account) and such Net Loss shall instead be allocated to the Unitholders with positive Adjusted Capital Account balances in proportion to such positive balances.

(c) *Net Termination Gains and Losses*. Net Termination Gain or Net Termination Loss for each taxable period shall be allocated in the manner set forth in this Section 6.1(c). All allocations under this Section 6.1(c) shall be made after Capital Account balances have been adjusted by all other allocations provided under this Section 6.1 and after all distributions of cash and cash equivalents provided under Section 6.4 and Section 6.5 have been made; *provided, however*, that solely for purposes of this Section 6.1(c), Capital Accounts shall not be adjusted for distributions made pursuant to Section 12.4.

(i) Net Termination Gain (including a pro rata part of each item of income, gain, loss, and deduction taken into account in computing Net Termination Gain) shall be allocated:

(A) First, to the Unitholders allocated Net Termination Loss pursuant to the proviso provision of Section 6.1(c)(ii)(C), in proportion to the allocations of Net Termination Loss pursuant to the proviso provision of Section 6.1(c)(ii)(C), until the aggregate Net Termination Gain allocated pursuant to this Section 6.1(c)(i)(A) is equal to the aggregate Net Termination Loss previously allocated pursuant to the proviso provision of Section 6.1(c)(ii)(C);

(B) Second, to all Unitholders holding Common Units, Pro Rata, until the Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) its Unrecovered Initial Unit Price and (2) the Minimum Quarterly Distribution for the Quarter during which the Liquidation Date occurs, reduced by any distribution pursuant to Section 6.4(b)(i) with respect to such Common Unit for such Quarter (the amount determined pursuant to this clause (2) is hereinafter referred to as the "***Unpaid MQD***");

(C) *Intentionally deleted*;

(D) Third, to all Unitholders, Pro Rata, until the Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) its Unrecovered Initial Unit Price, (2) the Unpaid MQD and (3) the excess of (aa) the First Target Distribution less the Minimum Quarterly Distribution for each Quarter of the Partnership's existence over (bb) the cumulative per Unit amount of any distributions of cash or cash equivalents that are deemed to be Operating Surplus made pursuant to Section 6.4(b)(ii) (the sum of (1), (2) and (3) is hereinafter referred to as the "***First Liquidation Target Amount***");

(E) Fourth, 15.0% to the holders of the Incentive Distribution Rights, Pro Rata, and 85.0% to all Unitholders, Pro Rata, until the Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) the First Liquidation Target Amount, and (2) the excess of (aa) the Second Target Distribution less the First Target Distribution for each Quarter of the Partnership's existence over (bb) the cumulative per Unit amount of any distributions of cash or cash equivalents that are deemed to be Operating Surplus made pursuant to Section 6.4(b)(iii) (the sum of (1) and (2) is hereinafter referred to as the "***Second Liquidation Target Amount***");

(F) Fifth, 25.0% to the holders of the Incentive Distribution Rights, Pro Rata, and 75% to all Unitholders, Pro Rata, until the Capital Account in respect of each Common Unit then Outstanding is equal to the sum of (1) the Second Liquidation Target Amount, and (2) the excess of (aa) the Third Target Distribution less the Second Target Distribution for each Quarter of the Partnership's existence over (bb) the cumulative per Unit amount of any distributions of cash or cash equivalents that are deemed to be Operating Surplus made pursuant to Section 6.4(b)(iv); and

(G) Finally, 50.0% to the holders of the Incentive Distribution Rights, Pro Rata, and 50.0% to all Unitholders, Pro Rata.

(ii) Net Termination Loss shall be allocated:

(A) *Intentionally deleted*;

(B) First, to all Unitholders holding Common Units, Pro Rata, until the Capital Account in respect of each Common Unit then Outstanding has been reduced to zero; and

(C) Second, to the Unitholders, Pro Rata; *provided, however*, that Net Termination Loss shall not be allocated pursuant to this Section 6.1(c)(ii)(C) to the extent such allocation would cause any Unitholder to have a deficit balance in its Adjusted Capital Account (or increase any existing deficit in its Adjusted Capital Account) and such Net Termination Loss shall instead be allocated to the Unitholders with positive Adjusted Capital Account balances in proportion to such positive balances.

(d) *Special Allocations*. Notwithstanding any other provision of this Section 6.1, the following special allocations shall be made for each taxable period.

(i) *Partnership Minimum Gain Chargeback*. Notwithstanding any other provision of this Section 6.1, if there is a net decrease in Partnership Minimum Gain during any

Partnership taxable period, each Partner shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(f)(6), 1.704-2(g)(2) and 1.704-2(j)(2)(i), or any successor provision. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d) with respect to such taxable period (other than an allocation pursuant to Section 6.1(d)(vi) and Section 6.1(d)(vii)). This Section 6.1(d)(i) is intended to comply with the Partnership Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) *Chargeback of Partner Nonrecourse Debt Minimum Gain*. Notwithstanding the other provisions of this Section 6.1 (other than Section 6.1(d)(i)), except as provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain during any Partnership taxable period, any Partner with a share of Partner Nonrecourse Debt Minimum Gain at the beginning of such taxable period shall be allocated items of Partnership income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii), or any successor provisions. For purposes of this Section 6.1(d), each Partner's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.1(d), other than Section 6.1(d)(i) and other than an allocation pursuant to Section 6.1(d)(vi) and Section 6.1(d)(vii), with respect to such taxable period. This Section 6.1(d)(ii) is intended to comply with the chargeback of items of income and gain requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) *Priority Allocations*.

(A) If the amount of cash or the Net Agreed Value of any property distributed with respect to a Unit, other than a Class C Unit, for a taxable period exceeds the amount of cash or the Net Agreed Value of property distributed with respect to another Unit, other than a Class C Unit, within the same taxable period (the amount of the excess, an "***Excess Distribution***" and the Units with respect to which the greater distribution is paid, an "***Excess Distribution Unit***"), then there shall be allocated gross income and gain to each Unitholder receiving an Excess Distribution with respect to the Excess Distribution Unit until the aggregate amount of such items allocated with respect to such Excess Distribution Unit pursuant to this Section 6.1(d)(iii)(A) for the current and all previous taxable periods is equal to the amount of the Excess Distribution.

(B) After the application of Section 6.1(d)(iii)(A), the remaining items of Partnership gross income or gain for the taxable period, if any, shall be allocated to the holders of Incentive Distribution Rights, Pro Rata, until the aggregate amount of such items allocated to the holders of Incentive Distribution Rights pursuant to this Section 6.1(d)(iii)(B) for the current taxable period and all previous taxable periods is equal to the cumulative amount of all Incentive Distributions made to the holders of Incentive Distribution Rights from the Closing Date to a date 45 days after the end of the current taxable period.

(C) After the application of Section 6.1(d)(iii)(B), all or any portion of the remaining items of Partnership gross income or gain (other than Retail Items) for the taxable period shall be allocated (1) first, to the holders of the Class C Units (other than Aloha), Pro Rata, until the aggregate amount of such items allocated to the holders of Class C Units (other than Aloha) pursuant to this Section 6.1(d)(iii)(C)(1) for the current taxable period and all previous taxable periods is equal to the cumulative amount of all cash distributions made to the holders of the Class C Units (other than Aloha) pursuant to Section 5.14(b)(vi) with respect to the Quarter ending December 31, 2015, and (2) then, to the holders of the Class C Units, Pro Rata, until the aggregate amount of such items allocated to the holders of Class C Units pursuant to this Section 6.1(d)(iii)(C)(2) for the current taxable period and all previous taxable periods is equal to the cumulative amount of all cash distributions made to the holders of the Class C Units pursuant to Section 5.14(b)(vi) from the Class C Unit Effective Date to a date that is 60 days after the end of the current taxable year, other than distributions made to the holders of Class C Units (other than Aloha) pursuant to Section 5.14(b)(vi) with respect the Quarter ending December 31, 2015.

(iv) *Qualified Income Offset*. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership gross income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations promulgated under Section 704(b) of the Code, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible; provided, that an allocation pursuant to this Section 6.1(d)(iv) shall be made only if and to the extent that such Partner would have a deficit balance in its Adjusted Capital Account after all other allocations provided for in this Section 6.1 have been tentatively made as if this Section 6.1(d)(iv) were not in this Agreement.

(v) *Gross Income Allocation*. In the event any Partner has a deficit balance in its Capital Account at the end of any taxable period in excess of the sum of (A) the amount such Partner is required to restore pursuant to the provisions of this Agreement and (B) the amount such Partner is deemed obligated to restore pursuant to Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 6.1(d)(v) shall be made only if and to the extent that such Partner would have a deficit balance in its Capital Account after all other allocations provided for in this Section 6.1 have been tentatively made as if Section 6.1(d)(iv) and this Section 6.1(d)(v) were not in this Agreement.

(vi) *Nonrecourse Deductions*. Nonrecourse Deductions for any taxable period shall be allocated to the Partners Pro Rata. If the General Partner determines that the Partnership's Nonrecourse Deductions should be allocated in a different ratio to satisfy the safe harbor requirements of the Treasury Regulations promulgated under Section 704(b) of the Code, the General Partner is authorized to revise the prescribed ratio to the numerically closest ratio that does satisfy such requirements.

(vii) *Partner Nonrecourse Deductions*. Partner Nonrecourse Deductions for any taxable period shall be allocated 100% to the Partner that bears the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Partner bears the Economic Risk of Loss with respect to a Partner Nonrecourse Debt, the Partner Nonrecourse Deductions attributable thereto shall be allocated between or among such Partners in accordance with the ratios in which they share such Economic Risk of Loss.

(viii) *Nonrecourse Liabilities*. For purposes of Treasury Regulation Section 1.752-3(a)(3), the Partners agree that Nonrecourse Liabilities of the Partnership in excess of the sum of (A) the amount of Partnership Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Partners Pro Rata.

(ix) *Code Section 754 Adjustments*. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Section 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts as a result of a distribution to a Partner in complete liquidation of such Partner's interest in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) taken into account pursuant to Section 5.5, and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(x) *Economic Uniformity; Changes in Law*.

(A) *Intentionally deleted*.

(B) With respect to an event triggering an adjustment to the Carrying Value of Partnership property pursuant to Section 5.5(d) during any taxable period of the Partnership ending upon, or after, the issuance of IDR Reset Common Units pursuant to Section 5.11, any Unrealized Gains and Unrealized Losses shall be allocated among the Partners in a manner that to the nearest extent possible results in the Capital Accounts maintained with respect to such IDR Reset Common Units issued pursuant to Section 5.11 equaling the product of (1) the Aggregate Quantity of IDR Reset Common Units and (2) the Per Unit Capital Amount for an Initial Common Unit.

(C) With respect to any taxable period during which an IDR Reset Common Unit is transferred to any Person who is not an Affiliate of the transferor, all or a portion of the remaining items of Partnership gross income or gain for such taxable period shall be allocated 100% to the transferor Partner of such transferred IDR Reset Common Unit until such transferor Partner has been allocated an amount of gross income or gain that increases the Capital Account maintained with respect to such transferred IDR Reset Common Unit to an amount equal to the Per Unit Capital Amount for an Initial Common Unit.

(D) *Intentionally deleted*.

(E) For the proper administration of the Partnership and for the preservation of uniformity of the Limited Partner Interests (or any class or classes thereof), the General Partner shall (1) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; (2) make special allocations of income, gain, loss, deduction, Unrealized Gain or Unrealized Loss; and (3) amend the provisions of this Agreement as appropriate (x) to reflect the proposal or promulgation of Treasury Regulations under Section 704(b) or Section 704(c) of the Code or (y) otherwise to preserve or achieve uniformity of the Limited Partner Interests (or any class or classes thereof). The General Partner may adopt such conventions, make such allocations and make such amendments to this Agreement as provided in this Section 6.1(d)(x)(E) only if such conventions, allocations or amendments would not have a material adverse effect on the Partners, the holders of any class or classes of Outstanding Limited Partner Interests or the Partnership.

(xi) *Curative Allocation*.

(A) Notwithstanding any other provision of this Section 6.1, other than the Required Allocations, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of gross income, gain, loss and deduction allocated to each Partner pursuant to the Required Allocations and the Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Partner under the Agreed Allocations had the Required Allocations and the related Curative Allocation not otherwise been provided in this Section 6.1. In exercising its discretion under this Section 6.1(d)(xi)(A), the General Partner may take into account future Required Allocations that, although not yet made, are likely to offset other Required Allocations previously made. Allocations pursuant to this Section 6.1(d)(xi)(A) shall only be made with respect to Required Allocations to the extent the General Partner determines that such allocations will otherwise be inconsistent with the economic agreement among the Partners.

(B) The General Partner shall, with respect to each taxable period, (1) apply the provisions of Section 6.1(d)(xi)(A) in whatever order is most likely to minimize the economic distortions that might otherwise result from the Required Allocations, and (2) divide all allocations pursuant to Section 6.1(d)(xi)(A) among the Partners in a manner that is likely to minimize such economic distortions.

(xii) *Corrective and Other Allocations*. In the event of any allocation of Additional Book Basis Derivative Items or any Book-Down Event or any recognition of a Net Termination Loss, the following rules shall apply:

(A) Except as provided in Section 6.1(d)(xii)(B), in the case of any allocation of Additional Book Basis Derivative Items (other than an allocation of Unrealized Gain or Unrealized Loss under Section 5.5(d) hereof), the General Partner shall allocate such Additional Book Basis Derivative Items to (1) the holders of Incentive Distribution Rights to the same extent that the Unrealized Gain or Unrealized Loss giving rise to such Additional Book Basis Derivative Items was allocated to them pursuant to Section 5.5(d) and (2) all Unitholders, Pro Rata, to the extent that the Unrealized Gain or Unrealized Loss giving rise to such Additional Book Basis Derivative Items was allocated to any Unitholders pursuant to Section 5.5(d).

(B) In the case of any allocation of Additional Book Basis Derivative Items (other than an allocation of Unrealized Gain or Unrealized Loss under Section 5.5(d) hereof or an allocation of Net Termination Gain or Net Termination Loss pursuant to Section 6.1(c) hereof) as a result of a sale or other taxable disposition of any Partnership asset that is an Adjusted Property ("***Disposed of Adjusted Property***"), the General Partner shall allocate (1) additional items of gross income and gain (x) away from the holders of Incentive Distribution Rights and (y) to the Unitholders, or (2) additional items of deduction and loss (x) away from the Unitholders and (y) to the holders of Incentive Distribution Rights, to the extent that the Additional Book Basis Derivative Items allocated to the Unitholders exceed their Share of Additional Book Basis Derivative Items with respect to such Disposed of Adjusted Property. Any allocation made pursuant to this Section 6.1(d)(xii)(B) shall be made after all of the other Agreed Allocations have been made as if this Section 6.1(d)(xii) were not in this Agreement and, to the extent necessary, shall require the reallocation of items that have been allocated pursuant to such other Agreed Allocations.

(C) In the case of any negative adjustments to the Capital Accounts of the Partners resulting from a Book-Down Event or from the recognition of a Net Termination Loss, such negative adjustment (1) shall first be allocated, to the extent of the Aggregate Remaining Net Positive Adjustments, in such a manner, as determined by the General Partner, that to the extent possible the aggregate Capital Accounts of the Partners will equal the amount that would have been the Capital Account balances of the Partners if no prior Book-Up Events had occurred, and (2) any negative adjustment in excess of the Aggregate Remaining Net Positive Adjustments shall be allocated pursuant to Section 6.1(c) hereof.

(D) For purposes of this Section 6.1(d)(xii), the Unitholders shall be treated as being allocated Additional Book Basis Derivative Items to the extent that such Additional Book Basis Derivative Items have reduced the amount of income that would otherwise have been allocated to the Unitholders under this Agreement. In making the allocations required under this Section 6.1(d)(xii), the General Partner may apply whatever conventions or other methodology it determines will satisfy the purpose of this Section 6.1(d)(xii). Without limiting the foregoing, if an Adjusted Property is contributed by the Partnership to another entity classified as a partnership for U.S. federal income tax purposes (the "***lower tier partnership***"), the General Partner may make allocations similar to those described in Sections 6.1(d)(xii)(A)—(C) to the extent the General Partner determines such allocations are necessary to account for the Partnership's allocable share of income, gain, loss and deduction of the lower tier partnership that relate to the contributed Adjusted Property in a manner that is consistent with the purpose of this Section 6.1(d)(xii).

(xiii) *Intentionally deleted*.

(xiv) *Special Allocation in Event of Section 482 Adjustment*. If, and to the extent that, the Partnership is deemed to recognize any item of income, gain, loss or deduction (or any adjustment to these items) pursuant to Section 482 of the Code or similar provision now or hereafter in effect and the Treasury Regulations promulgated thereunder as a result of any transaction between a Partner and the Partnership, the General Partner shall allocate such items among the Partners in a manner that will, as nearly as possible, cause the Capital Account balance of each Partner (taking into account any deemed contributions or distributions) to equal the amount it would have been had no adjustment under Section 482 or similar provision been made.

(xv) *Allocations of Retail Items*. All Retail Items shall, to the maximum extent possible, be allocated to the holders of the Common Units, Pro Rata.

Section 6.2 *Allocations for Tax Purposes.*

(a) Except as otherwise provided herein, for U.S. federal income tax purposes, each item of income, gain, loss and deduction shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 6.1.

(b) In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for U.S. federal income tax purposes among the Partners in the manner provided under Section 704(c) of the Code, and the Treasury Regulations promulgated under Section 704(b) and 704(c) of the Code, as determined appropriate by the General Partner (taking into account the General Partner's discretion under Section 6.1(d)(x)(E)); *provided*, that the General Partner shall apply the principles of Treasury Regulation Section 1.704-3(d) in all events.

(c) The General Partner may determine to depreciate or amortize the portion of an adjustment under Section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived from the depreciation or amortization method and useful life applied to the unamortized Book-Tax Disparity of such property, despite any inconsistency of such approach with Treasury Regulation Section 1.167(c)-l(a)(6) or any successor regulations thereto. If the General Partner determines that such reporting position cannot reasonably be taken, the General Partner may adopt depreciation and amortization conventions under which all purchasers acquiring Limited Partner Interests in the same month would receive depreciation and amortization deductions, based upon the same applicable rate as if they had purchased a direct interest in the Partnership's property. If the General Partner chooses not to utilize such aggregate method, the General Partner may use any other depreciation and amortization conventions to preserve the uniformity of the intrinsic tax characteristics of any Limited Partner Interests, so long as such conventions would not have a material adverse effect on the Limited Partners or the Record Holders of any class or classes of Limited Partner Interests.

(d) In accordance with Treasury Regulation Sections 1.1245-1(e) and 1.1250-1(f), any gain allocated to the Partners upon the sale or other taxable disposition of any Partnership asset shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 6.2, be characterized as Recapture Income in the same proportions and to the same extent as such Partners (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(e) All items of income, gain, loss, deduction and credit recognized by the Partnership for U.S. federal income tax purposes and allocated to the Partners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 of the Code that may be made by the Partnership; *provided, however*, that such allocations, once made, shall be adjusted (in the manner determined by the General Partner) to take into account those adjustments permitted or required by Sections 734 and 743 of the Code.

(f) Each item of Partnership income, gain, loss and deduction shall, for U.S. federal income tax purposes, be determined for each taxable period and prorated on a monthly basis and shall be allocated to the Partners as of the opening of the National Securities Exchange on which Partnership Interests are listed or admitted to trading on the first Business Day of each month; *provided, however*, such items for the period beginning on the Closing Date and ending on the last day of the month in which the Over-Allotment Option is exercised in full or the expiration of the Over-Allotment Option occurs shall be allocated to the Partners as of the opening of the National Securities Exchange on which Partnership Interests are listed or admitted to trading on the first Business Day of the next succeeding month; *provided, further*, that gain or loss on a sale or other disposition of any assets of the Partnership or any other extraordinary item of income, gain, loss or deduction as determined by the General Partner, shall be allocated to the Partners as of the opening of the National Securities Exchange on which Partnership Interests are listed or admitted to trading on the first Business Day of the month in which such item is recognized for federal income tax purposes. The General Partner may revise, alter or otherwise modify such methods of allocation to the extent permitted or required by Section 706 of the Code and the regulations or rulings promulgated thereunder.

(g) Allocations that would otherwise be made to a Limited Partner under the provisions of this Article VI shall instead be made to the beneficial owner of Limited Partner Interests held by a nominee in any case in which the nominee has furnished the identity of such owner to the Partnership in accordance with Section 6031(c) of the Code or any other method determined by the General Partner.

Section 6.3 *Requirements and Characterization of Distributions; Distributions to Record Holders.*

(a) Within 60 days following the end of each Quarter commencing with the Quarter ending on September 30, 2012, an amount equal to 100% of Available Cash with respect to such Quarter shall be distributed in accordance with this Section 6.3 by the Partnership to Partners as of the Record Date selected by the General Partner. All amounts of Available Cash distributed by the Partnership on any date from any source shall be deemed to be Operating Surplus until the sum of all amounts of Available Cash theretofore distributed by the Partnership to the Partners pursuant to Section 6.4 equals the Operating Surplus from the Closing Date through the close of the immediately preceding Quarter. Any remaining amounts of Available Cash distributed by the Partnership on such date shall, except as otherwise provided in Section 6.5, be deemed to be "***Capital Surplus***." All distributions required to be made under this Agreement or otherwise made by the Partnership shall be made subject to Sections 17-607 and 17-804 of the Delaware Act.

(b) Notwithstanding Section 6.3(a), in the event of the dissolution and liquidation of the Partnership, all Partnership assets shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4.

(c) Each distribution in respect of a Partnership Interest shall be paid by the Partnership, directly or through any Transfer Agent or through any other Person or agent, only to the Record Holder of such Partnership Interest as of the Record Date set for such distribution. Such payment shall constitute full payment and satisfaction of the Partnership's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

Section 6.4 *Distributions of Available Cash from Operating Surplus.*

(a) *Intentionally deleted*.

(b) Subject to Section 5.14(b)(vi) and except as otherwise contemplated by Section 5.6(b) in respect of additional Partnership Interests issued pursuant thereto, Available Cash with respect to any Quarter that is deemed to be Operating Surplus pursuant to the provisions of Section 6.3 or Section 6.5 shall be distributed as follows:

(i) First, to all the Unitholders holding Common Units, Pro Rata, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the Minimum Quarterly Distribution for such Quarter;

(ii) Second, to all the Unitholders holding Common Units, Pro Rata, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the excess of the First Target Distribution over the Minimum Quarterly Distribution for such Quarter;

(iii) Third, (A) 15.0% to the holders of the Incentive Distribution Rights, Pro Rata; and (B) 85.0% to all Unitholders holding Common Units, Pro Rata, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the excess of the Second Target Distribution over the First Target Distribution for such Quarter;

(iv) Fourth, (A) 25.0% to the holders of the Incentive Distribution Rights, Pro Rata; and (B) 75.0% to all Unitholders holding Common Units, Pro Rata, until there has been distributed in respect of each Common Unit then Outstanding an amount equal to the excess of the Third Target Distribution over the Second Target Distribution for such Quarter; and

(v) Thereafter, (A) 50.0% to the holders of the Incentive Distribution Rights, Pro Rata; and (B) 50.0% to all Unitholders holding Common Units, Pro Rata;

provided, however, if the Target Distributions have been reduced to zero pursuant to the second sentence of Section 6.6(a), the distribution of Available Cash that is deemed to be Operating Surplus with respect to any Quarter will be made solely in accordance with Section 6.4(b)(v).

Section 6.5 *Distributions of Available Cash from Capital Surplus*. Subject to Section 5.14(b)(vi) and unless the provisions of Section 6.3 require otherwise, Available Cash that is deemed to be Capital Surplus pursuant to the provisions of Section 6.3(a) shall be distributed:

(a) First, 100% to all the Unitholders holding Common Units, Pro Rata, until the Minimum Quarterly Distribution has been reduced to zero pursuant to the second sentence of Section 6.6(a); and

(b) Thereafter, all Available Cash shall be distributed as if it were Operating Surplus and shall be distributed in accordance with Section 6.4(b).

Section 6.6 *Adjustment of Minimum Quarterly Distribution and Target Distribution Levels.*

(a) The Target Distributions shall be proportionately adjusted in the event of any distribution, combination or subdivision (whether effected by a distribution payable in Units or otherwise) of Units or other Partnership Interests. In the event of a distribution of Available Cash that is deemed to be from Capital Surplus, the then applicable Target Distributions shall be reduced in the same proportion that the distribution had to the fair market value of the Common Units immediately prior to the announcement of the distribution. If the Common Units are publicly traded on a National Securities Exchange, the fair market value will be the Current Market Price before the ex-dividend date. If the Common Units are not publicly traded, the fair market value will be determined by the Board of Directors.

(b) The Target Distributions shall also be subject to adjustment pursuant to Section 5.11 and Section 6.8.

Section 6.7 *Intentionally deleted.*

Section 6.8 *Special Provisions Relating to the Holders of IDR Reset Common Units.*

(a) A Unitholder shall not be permitted to transfer an IDR Reset Common Unit (other than a transfer to an Affiliate) if the remaining balance in the transferring Unitholder’s Capital Account with respect to the retained IDR Reset Common Units would be negative after giving effect to the allocation under Section 5.5(c)(iii).

(b) A Unitholder holding an IDR Reset Common Unit shall not be permitted to transfer such Common Unit to a Person that is not an Affiliate of the holder until such time as the General Partner determines, based on advice of counsel, that upon transfer each such Common Unit should have, as a substantive matter, like intrinsic economic and U.S. federal income tax characteristics to the transferee, in all material respects, to the intrinsic economic and U.S. federal income tax characteristics of an Initial Common Unit to such transferee. In connection with the condition imposed by this Section 6.8(b), the General Partner may apply Sections 5.5(c)(iii), 6.1(d)(x) and 6.8(a) or, to the extent not resulting in a material adverse effect on the Unitholders holding Common Units, take whatever steps are required to provide economic uniformity to such Common Units in preparation for a transfer of such IDR Reset Common Units.

Section 6.9 *Entity-Level Taxation*. If legislation is enacted or the official interpretation of existing legislation is modified by a governmental authority, which after giving effect to such enactment or modification, results in a Group Member becoming subject to federal, state or local or non-U.S. income or withholding taxes in excess of the amount of such taxes due from the Group Member prior to such enactment or modification (including, for the avoidance of doubt, any increase in the rate of such taxation applicable to the Group Member), then the General Partner may, in its sole discretion, reduce the Target Distributions by the amount of income or withholding taxes that are payable by reason of any such new legislation or interpretation (the “***Incremental Income Taxes***”), or any portion thereof selected by the General Partner, in the manner provided in this Section 6.9. If the General Partner elects to reduce the

Target Distributions for any Quarter with respect to all or a portion of any Incremental Income Taxes, the General Partner shall estimate for such Quarter the Partnership Group's aggregate liability (the "***Estimated Incremental Quarterly Tax Amount***") for all (or the relevant portion of) such Incremental Income Taxes; provided that any difference between such estimate and the actual liability for Incremental Income Taxes (or the relevant portion thereof) for such Quarter may, to the extent determined by the General Partner, be taken into account in determining the Estimated Incremental Quarterly Tax Amount with respect to each Quarter in which any such difference can be determined. For each such Quarter, the Target Distributions, shall be the product obtained by multiplying (a) the amounts therefor that are set out herein prior to the application of this Section 6.9 times (b) the quotient obtained by dividing (i) Available Cash with respect to such Quarter by (ii) the sum of Available Cash with respect to such Quarter and the Estimated Incremental Quarterly Tax Amount for such Quarter, as determined by the General Partner. For purposes of the foregoing, Available Cash with respect to a Quarter will be deemed reduced by the Estimated Incremental Quarterly Tax Amount for that Quarter.

Article VII

MANAGEMENT AND OPERATION OF BUSINESS

Section 7.1 *Management.*

(a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, but without limitation on the ability of the General Partner to delegate its rights and power to other Persons, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no other Partner shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted to a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 7.4, shall have full power and authority to do all things and on such terms as it determines to be necessary or appropriate to conduct the business of the Partnership, to exercise all powers set forth in Section 2.5 and to effectuate the purposes set forth in Section 2.4, including the following:

(i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible or exchangeable into Partnership Interests, and the incurring of any other obligations;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person (the matters described in this clause (iii) being subject, however, to any prior approval that may be required by Section 7.4 or Article XIV);

(iv) the use of the assets of the Partnership (including cash on hand) for any purpose consistent with the terms of this Agreement, including the financing of the conduct of the operations of the Partnership Group; the lending of funds to other Persons (including other Group Members); the repayment or guarantee of obligations of any Group Member; and the making of capital contributions to any Group Member;

(v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if the same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case);

(vi) the distribution of cash or cash equivalents by the Partnership;

(vii) the selection, employment, retention and dismissal of employees (including employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors of the General Partner or the Partnership Group and the determination of their compensation and other terms of employment or hiring;

(viii) the maintenance of insurance for the benefit of the Partnership Group, the Partners and Indemnitees;

(ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations, limited liability companies or other Persons (including the acquisition of interests in, and the contributions of property to, any Group Member from time to time);

(x) the control of any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation, arbitration or mediation and the incurring of legal expense and the settlement of claims and litigation;

(xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xii) the entering into of listing agreements with any National Securities Exchange and the delisting of some or all of the Limited Partner Interests from, or requesting that trading be suspended on, any such exchange;

(xiii) the purchase, sale or other acquisition or disposition of Partnership Interests, or the issuance of Derivative Instruments;

(xiv) the undertaking of any action in connection with the Partnership's participation in the management of any Group Member; and

(xv) the entering into of agreements with any of its Affiliates to render services to a Group Member or to itself in the discharge of its duties as General Partner of the Partnership.

(b) Each of the Partners and each other Person who acquires an interest in a Partnership Interest and each other Person who is otherwise bound by this Agreement hereby (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of this Agreement, the Underwriting Agreement, the Contribution Agreement and the other agreements described in or filed as exhibits to the Registration Statement that are related to the transactions contemplated by the Registration Statement (in the case of each agreement other than this Agreement, without giving effect to any amendments, supplements or restatements after the date hereof); (ii) agrees that the General Partner (on its own behalf or on behalf of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (b) of this sentence and the other agreements, acts, transactions and matters described in or contemplated by the Registration Statement on behalf of the Partnership without any further act, approval or vote of the Partners, the other Persons who acquire a Partnership Interest and the Persons who are otherwise bound by this Agreement; and (iii) agrees that the execution, delivery or performance by the General Partner, any Group Member or any Affiliate of any of them of this Agreement or any agreement authorized or permitted under this Agreement (including the exercise by the General Partner or any Affiliate of the General Partner of the rights accorded pursuant to Article XV) shall not constitute a breach by the General Partner of any fiduciary or other duty existing at law, in equity or otherwise that the General Partner may owe the Partnership, the Limited Partners, the other Persons who acquire a Partnership Interest or the Persons who are otherwise bound by this Agreement.

(c) As used in the following provisions of this Article VII other than Section 7.12, the term Partnership Interest shall include any Derivative Instruments.

Section 7.2 *Replacement of Fiduciary Duties.*

Notwithstanding any other provision of this Agreement, to the extent that any provision of this Agreement purports or is interpreted (a) to have the effect of replacing, restricting or eliminating the duties that might otherwise, as a result of Delaware or other applicable law, be owed by the General Partner or any other Indemnitee to the Partnership, the Limited Partners, any other Person who acquires an interest in a Partnership Interest or any other Person who is bound by this Agreement, or (b) to constitute a waiver or consent by the Partnership, the Limited Partners, any other Person who acquires an interest in a Partnership Interest or any other Person who is bound by this Agreement to any such replacement or restriction, such provision shall be deemed to have been approved by the Partnership, all the Partners, each other Person who acquires an interest in a Partnership Interest and each other Person who is bound by this Agreement.

Section 7.3 *Certificate of Limited Partnership*. The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents that the General Partner determines to be necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware or any other state in which the Partnership may elect to do business or own property. To the extent the General Partner determines such action to be necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership or other entity in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 3.4(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to any Partner.

Section 7.4 *Restrictions on the General Partner's Authority*. Except as provided in Article XII and Article XIV, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the assets of the Partnership Group, taken as a whole, in a single transaction or a series of related transactions without the approval of a Unit Majority; *provided, however*, that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the assets of the Partnership Group and shall not apply to any forced sale of any or all of the assets of the

Partnership Group pursuant to the foreclosure of, or other realization upon, any such encumbrance.

Section 7.5 *Reimbursement of the General Partner.*

(a) The General Partner shall be reimbursed by the Partnership Group on a monthly basis, or such other basis as the General Partner may determine, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership Group (including salary, bonus, incentive compensation and other amounts paid to any Person (including Affiliates of the General Partner) to perform services for the Partnership Group or for the General Partner in the discharge of its duties to the Partnership Group), and (ii) all other expenses allocable to the Partnership Group or otherwise incurred by the General Partner in connection with operating the Partnership Group's business (including expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the expenses that are allocable to the General Partner or any member of the Partnership Group. Reimbursements pursuant to this Section 7.5 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 7.7. The General Partner and its Affiliates may charge any member of the Partnership Group a management fee to the extent necessary to allow the Partnership Group to reduce the amount of any state franchise or income tax or any tax based upon revenues or gross margin of any member of the Partnership Group if the tax benefit produced by the payment for such management fee exceeds the amount of such fee.

(b) The General Partner, without the approval of the Limited Partners (who shall have no right to vote in respect thereof), may propose and adopt on behalf of the Partnership benefit plans, programs and practices (including plans, programs and practices involving the issuance of Partnership Interests), or cause the Partnership to issue Partnership Interests in connection with, or pursuant to, any benefit plan, program or practice maintained or sponsored by the General Partner or any of its Affiliates, in each case for the benefit of employees, officers, consultants and directors of the General Partner or its Affiliates, in respect of services performed, directly or indirectly, for the benefit of the Partnership Group. The Partnership agrees to issue and sell to the General Partner or any of its Affiliates any Partnership Interests that the General Partner or such Affiliates are obligated to provide to any employees, officers, consultants and directors pursuant to any such benefit plans, programs or practices. Expenses incurred by the General Partner in connection with any such plans, programs and practices (including the net cost to the General Partner or such Affiliates of Partnership Interests purchased by the General Partner or such Affiliates, from the Partnership or otherwise, to fulfill awards under such plans, programs and practices) shall be reimbursed in accordance with Section 7.5(a). Any and all obligations of the General Partner under any benefit plans, programs or practices adopted by the General Partner as permitted by this Section 7.5(b) shall constitute obligations of the General Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 11.1 or Section 11.2 or the transferee of or successor to all of the General Partner's General Partner Interest pursuant to Section 4.6.

Section 7.6 *Outside Activities.*

(a) The General Partner, for so long as it is the General Partner of the Partnership, shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (A) its performance as general partner or managing member, if any, of one or more Group Members or as described in or contemplated by the Registration Statement, (B) the acquiring, owning or disposing of debt securities or equity interests in any Group Member or (C) the direct or indirect provision of management, advisory, and administrative services to its Affiliates or to other Persons.

(b) Except to the extent otherwise set forth in the Omnibus Agreement, each Unrestricted Person (other than the General Partner) shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of any Group Member. No such business interest or activity shall constitute a breach of this Agreement, any fiduciary or other duty existing at law, in equity or otherwise, or obligation of any type whatsoever to the Partnership or other Group Member, any Partner, any Person who acquires an interest in a Partnership Interest or any Person who is otherwise bound by this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, the doctrine of corporate opportunity, or any analogous doctrine, shall not apply to any Unrestricted Person (including the General Partner). Except to the extent otherwise set forth in the Omnibus Agreement, no Unrestricted Person (including the General Partner) who acquires knowledge of a potential transaction, agreement, arrangement or other matter that may be an opportunity for the Partnership, shall have any duty to communicate or offer such opportunity to any Group Member, and such Unrestricted Person (including the General Partner) shall not be liable to the Partnership or any other Group Member, any Partner any person who acquires a Partnership Interest or any other Person who is otherwise bound by this Agreement for breach of any fiduciary or other duty existing at law, in equity or otherwise by reason of the fact that such Unrestricted Person (including the General Partner) pursues or acquires such opportunity for itself, directs such opportunity to another Person or does not communicate such opportunity or information to any Group Member.

(d) The General Partner and each of its Affiliates may acquire Units or other Partnership Interests in addition to those acquired on the Closing Date and, except as otherwise expressly provided in this Agreement, shall be entitled to exercise, at their option, all rights relating to all Units or other Partnership Interests acquired by them. The term "Affiliates" when used in this Section 7.6(d) with respect to the General Partner shall not include any Group Member.

Section 7.7 *Indemnification.*

(a) To the fullest extent permitted by law, all Indemnitees shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all threatened pending or completed claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, and whether formal or informal and including appeals, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee and acting (or refraining to act) in such capacity; *provided*, that the Indemnitee shall not be indemnified and held harmless if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification pursuant to this Agreement, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnitee's conduct was unlawful; provided, further that no indemnification pursuant to this Section 7.7 shall be available to the General Partner, any of its Affiliates or any other Indemnitee (other than a Group Member) with respect to its obligations pursuant to the Underwriting Agreement or the Omnibus Agreement. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, it being agreed that the General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 7.7(a) in appearing at, participating in or defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification pursuant to this Section 7.7, the Indemnitee is not entitled to be indemnified upon receipt by the Partnership of any undertaking by or on behalf of the Indemnitee to repay such amount if it shall be ultimately determined that the Indemnitee is not entitled to be indemnified as authorized by this Section 7.7.

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the holders of Outstanding Limited Partner Interests, as a matter of law, in equity or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of an Indemnitee and such other Persons as the General Partner shall determine, against any liability that may be asserted against, or expense that may be incurred by, such Indemnitee in connection with the Partnership's activities or such Indemnitee's activities on behalf of the Partnership, regardless of whether the Partnership would have the power to indemnify such Indemnitee against such liability under the provisions of this Agreement.

(e) For purposes of this Section 7.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 7.7(a); and action taken or omitted by an Indemnitee with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the best interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is in the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 7.7 are for the benefit of the Indemnitees and their heirs, successors, assigns, executors and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 7.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligations of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 7.7

as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.8 *Liability of Indemnitees.*

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Partners or any other Persons who have acquired interests in a Partnership Interest or is otherwise bound by this Agreement, for losses sustained or liabilities incurred as a result of any act or omission of an Indemnitee unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnitee's conduct was criminal. In the case where an Indemnitee is liable for damages, those damages shall only be direct damages and shall not include punitive damages, consequential damages or lost profits.

(b) The General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) To the extent that, at law or in equity, an Indemnitee has duties (including fiduciary duties) and liabilities relating thereto to the Partnership, the Partners, any Person who acquires an interest in a Partnership Interest or is otherwise bound by this Agreement, the General Partner and any other Indemnitee acting in connection with the Partnership's business or affairs shall not be liable, to the fullest extent permitted by law, to the Partnership, the Partners, any Person who acquires an interest in a Partnership Interest or is otherwise bound by this Agreement, for its reliance on the provisions of this Agreement.

(d) Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the Indemnitees under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 7.9 *Standards of Conduct and Modification of Duties.*

(a) Whenever the General Partner, the Board of Directors or any committee of the Board of Directors (including the Conflicts Committee), makes a determination or takes or declines to take any other action, or any Affiliates of the General Partner cause the General Partner to do so, in its capacity as the general partner of the Partnership as opposed to in its individual capacity, whether under this Agreement, any Group Member Agreement or any other agreement contemplated hereby or otherwise, then, unless another express standard is provided for in this Agreement, the General Partner, the Board of Directors, such committee or such Affiliates causing the General Partner to do so, shall make such determination or take or decline to take such other action in good faith and shall not be subject to any higher standard contemplated hereby or under the Delaware Act or any other law, rule or regulation or at equity. A determination, other action or failure to act by the General Partner, the Board of Directors of the General Partner or any committee thereof (including the Conflicts Committee) will be deemed to be in good faith unless the General Partner, the Board of Directors of the General Partner or any committee thereof (including the Conflicts Committee) believed such determination, other action or failure to act was adverse to the interests of the Partnership. In any proceeding brought by the Partnership, any Limited Partner, or any Person who acquires an interest in a Partnership Interest or any other Person who is bound by this Agreement challenging such action, determination or failure to act, the Person bringing or prosecuting such proceeding shall have the burden of proving that such determination, action or failure to act was not in good faith.

(b) Whenever the General Partner makes a determination or takes or declines to take any other action, or any of its Affiliates causes it to do so, in its individual capacity as opposed to in its capacity as the general partner of the Partnership, whether under this Agreement or any other agreement contemplated hereby or otherwise, then the General Partner, or such Affiliates causing it to do so, are entitled, to the fullest extent permitted by law, to make such determination or to take or decline to take such other action free of any fiduciary duty or other duty existing at law, in equity or otherwise or obligation whatsoever to the Partnership, any Limited Partner, any other Person who acquires an interest in a Partnership Interest or any other Person who otherwise is bound by this Agreement, and the General Partner, or such Affiliates causing it to do so, shall not, to the fullest extent permitted by law, be required to act in good faith or pursuant to any other standard imposed by this Agreement or any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation or at equity. By way of illustration and not of limitation, whenever the phrases, “at the option of the General Partner,” “in its sole discretion” or some variation of those phrases, are used in this Agreement, it indicates that the General Partner is acting in its individual capacity. For the avoidance of doubt, whenever the General Partner votes or transfers its Partnership Interests, or refrains from voting or transferring its Partnership Interests, it shall be acting in its individual capacity.

(c) Whenever a potential conflict of interest exists or arises between the General Partner or any Affiliates, on the one hand, and the Partnership, any Group Member or any Partner, any other Person who acquires an interest in a Partnership Interest or any other Person who is bound by this Agreement on the other hand, the General Partner may in its discretion submit any resolution or course of action with respect to such conflict of interest for (i) Special Approval or (ii) approval by the vote of a majority of the Common Units (excluding Common Units owned by the General Partner and its Affiliates). If such course of action or resolution receives Special Approval or approval of a majority of the Common Units (excluding Common Units owned by the General Partner and its Affiliates), then such course of action or resolution shall be conclusively deemed approved by the Partnership, all the Partners, each Person who acquires an interest in a Partnership Interest and each other Person who is bound by this Agreement, and shall not constitute a breach of this Agreement, of any Group Member Agreement, of any agreement contemplated herein or therein, or of any fiduciary or other duty existing at law, in equity or otherwise or obligation of any type whatsoever. Notwithstanding anything to the contrary in this Agreement or any duty otherwise existing at law or equity, the existence of the conflicts of interest described in the Registration Statement and any actions of the General Partner taken in connection therewith, including any conflicts of interest arising from the provision of Potential Affiliate Financial Support or other Permitted Actions, are hereby approved by all Partners and shall not constitute a breach of this Agreement or of any duty hereunder or existing at law, in equity or otherwise. For the avoidance of doubt, any potential conflict of interest that exists or arises between the General Partner or any Affiliates, on the one hand, and the Partnership, any Group Member or any Partner, any other Person who acquires an interest in a Partnership Interest or any other Person who is bound by this Agreement on the other hand may be resolved as provided in this Section 7.9(c)(i) and (ii) or as directed by the Board of Directors of the General Partner, provided that the Board of Directors of the General Partner makes takes or declines to take any action to resolve the conflict in accordance with the standard of care set forth in Section 7.9(a).

(d) Notwithstanding anything to the contrary in this Agreement, the General Partner and its Affiliates or any other Indemnitee shall have no duty or obligation, express or implied, to

(i) sell or otherwise dispose of any asset of the Partnership Group other than in the ordinary course of business or (ii) permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use. Any determination by the General Partner or any of its Affiliates to enter into such contracts shall be in its sole discretion.

(e) The Partners, each Person who acquires an interest in a Partnership Interest or is otherwise bound by this Agreement hereby authorize the General Partner, on behalf of the Partnership as a partner or member of a Group Member, to approve actions by the general partner or managing member of such Group Member similar to those actions permitted to be taken by the General Partner pursuant to this Section 7.9.

Section 7.10 *Other Matters Concerning the General Partner and Indemnitees.*

(a) The General Partner and any other Indemnitee may rely upon, and shall be protected in acting or refraining from acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner and any other Indemnitee may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted in reliance upon the advice or opinion (including an Opinion of Counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such advice or opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers, a duly appointed attorney or attorneys-in-fact or the duly authorized officers of any Group Member.

Section 7.11 *Purchase or Sale of Partnership Interests*. The General Partner may cause the Partnership to purchase or otherwise acquire Partnership Interests. As long as Partnership Interests are held by any Group Member, such Partnership Interests shall not be considered Outstanding for any purpose, except as otherwise provided herein. The General Partner or any Affiliate of the General Partner may also purchase or otherwise acquire and sell or otherwise dispose of Partnership Interests for its own account, subject to the provisions of Article IV and Article VX.

Section 7.12 *Registration Rights of the General Partner and its Affiliates.*

(a) If (i) the General Partner or any Affiliate of the General Partner (including for purposes of this Section 7.12, any Person that is an Affiliate of the General Partner at the date hereof notwithstanding that it may later cease to be an Affiliate of the General Partner) holds Partnership Interests that it desires to sell and (ii) Rule 144 of the Securities Act (or any successor rule or regulation to Rule 144) or another exemption from registration is not available to enable such holder of Partnership Interests (the "***Holder***") to dispose of the number of Partnership Interests it desires to sell at the time it desires to do so without registration under the Securities Act, then at the option and upon the request of the Holder, the Partnership shall file with the Commission as promptly as practicable after receiving such request, and use all commercially reasonable efforts to cause to become effective and remain effective for a period of not less than six months following its effective date or such shorter period as shall terminate when all Partnership Interests covered by such registration statement have been sold, a registration statement under the Securities Act registering the offering and sale of the number of Partnership Interests specified by the Holder; *provided, however*, that the Partnership shall not be required to effect more than three registrations pursuant to this Section 7.12(a); *provided further, however*, that if the General Partner determines that a postponement of the requested registration would be in the best interests of the Partnership and its Partners due to a pending transaction, investigation or other event, the filing of such registration statement or the effectiveness thereof may be deferred for up to six months, but not thereafter. In connection with any registration pursuant to the immediately preceding sentence, the Partnership shall (i) promptly prepare and file (A) such documents as may be necessary to register or qualify the securities subject to such registration under the securities laws of such states as the Holder shall reasonably request; *provided, however*, that no such qualification shall be required in any jurisdiction where, as a result thereof, the Partnership would become subject to general service of process or to taxation or qualification to do business as a foreign corporation or partnership doing business in such jurisdiction solely as a result of such registration, and (B) such documents as may be necessary to apply for listing or to list the Partnership Interests subject to such registration on such National Securities Exchange as the Holder shall reasonably request, and (ii) do any and all other acts and things that may be necessary or appropriate to enable the Holder to consummate a public sale of such Partnership Interests in such states. Except as set forth in Section 7.12(c), all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(b) If the Partnership shall at any time propose to file a registration statement under the Securities Act for an offering of Partnership Interests for cash (other than an offering relating solely to a benefit plan), the Partnership shall use all commercially reasonable efforts to include such number or amount of Partnership Interests held by any Holder in such registration statement as the Holder shall request; provided, that the Partnership is not required to make any effort or take any action to so include the Partnership Interests of the Holder once the registration statement becomes or is declared effective by the Commission, including any registration statement providing for the offering from time to time of Partnership Interests pursuant to Rule 415 of the Securities Act. If the proposed offering pursuant to this Section 7.12(b) shall be an underwritten offering, then, in the event that the managing underwriter or managing underwriters of such offering advise the Partnership and the Holder that in their opinion the inclusion of all or some of the Holder's Partnership Interests would adversely and materially affect the timing or success of the offering, the Partnership shall include in such offering only that number or amount, if any, of Partnership Interests held by the Holder that, in the opinion of the managing underwriter or managing underwriters, will not so adversely and materially affect the offering. Except as set forth in Section 7.12(c), all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(c) If underwriters are engaged in connection with any registration referred to in this Section 7.12, the Partnership shall provide indemnification, representations, covenants, opinions and other assurance to the underwriters in form and substance reasonably satisfactory to such underwriters. Further, in addition to and not in limitation of the Partnership's obligation under Section 7.7, the Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless the Holder, its officers and directors and each Person who controls the Holder (within the meaning of the Securities Act) and any agent thereof (collectively, "***Indemnified Persons***") from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnified Person may be involved, or is threatened to be involved, as a party or otherwise, under the Securities Act or otherwise (hereinafter referred to in this Section 7.12(c) as a "claim" and in the plural as "claims") based upon, arising out of or resulting from any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which any Partnership Interests were registered under the Securities Act or any state securities or Blue Sky laws, in any preliminary prospectus (if used prior to the effective date of such registration statement), or in any summary or final prospectus or issuer free writing prospectus or in any amendment or supplement thereto (if used during the period the Partnership is required to keep the registration statement current), or arising out of, based upon or resulting from the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading; *provided, however*, that the Partnership shall not be liable to any Indemnified Person to the extent that any such claim arises out of, is based upon or results from an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, such preliminary, summary or final prospectus or free writing prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Partnership by or on behalf of such Indemnified Person specifically for use in the preparation thereof.

(d) The provisions of Section 7.12(a) and Section 7.12(b) shall continue to be applicable with respect to the General Partner (and any of the General Partner's Affiliates) after it ceases to be a general partner of the Partnership, during a period of two years subsequent to the effective date of such cessation and for so long thereafter as is required for the Holder to sell all of the Partnership Interests with respect to which it has requested during such two-year period inclusion in a registration statement otherwise filed or that a registration statement be filed; *provided, however*, that the Partnership shall not be required to file successive registration statements covering the same Partnership Interests for which registration was demanded during such two-year period. The provisions of Section 7.12(c) shall continue in effect thereafter.

(e) The rights to cause the Partnership to register Partnership Interests pursuant to this Section 7.12 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such Partnership Interests, provided (i) the Partnership is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the Partnership Interests with respect to which such registration rights are being assigned; and (ii) such transferee or assignee agrees in writing to be bound by and subject to the terms set forth in this Section 7.12.

(f) Any request to register Partnership Interests pursuant to this Section 7.12 shall (i) specify the Partnership Interests intended to be offered and sold by the Person making the request, (ii) express such Person's present intent to offer such Partnership Interests for distribution, (iii) describe the nature or method of the proposed offer and sale of Partnership Interests, and (iv) contain the undertaking of such Person to provide all such information and materials and take all action as may be required in order to permit the Partnership to comply with all applicable requirements in connection with the registration of such Partnership Interests.

Section 7.13 *Reliance by Third Parties*. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the General Partner authorized by the General Partner to act on behalf of and in the name of the Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any authorized contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner or any such officer as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives, to the fullest extent permitted by law, any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

Article VIII

BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 8.1 *Records and Accounting*. The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including all books and records necessary to provide to the Limited Partners any information required to be provided pursuant to Section 3.4(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including the record of the Record Holders of Units or other Partnership Interests, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, magnetic tape, photographs, micrographics or any other information storage device; provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with U.S. GAAP. The Partnership shall not be required to keep books maintained on a cash basis and the General Partner shall be permitted to calculate cash-based measures, including Operating Surplus and Adjusted Operating Surplus, by making such adjustments to its accrual basis books to account for non-cash items and other adjustments as the General Partner determines to be necessary or appropriate.

Section 8.2 *Fiscal Year*. The fiscal year of the Partnership shall be a fiscal year ending December 31.

Section 8.3 *Reports.*

(a) As soon as practicable, but in no event later than 105 days after the close of each fiscal year of the Partnership, the General Partner shall cause to be mailed or made available, by any reasonable means, to each Record Holder of a Unit or other Partnership Interest as of a date selected by the General Partner, an annual report containing financial statements of the Partnership for such fiscal year of the Partnership, presented in accordance with U.S. GAAP, including a balance sheet and statements of operations, Partnership equity and cash flows, such statements to be audited by a firm of independent public accountants selected by the General Partner, and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the Units are listed or admitted to trading, or as the General Partner determines to be necessary or appropriate.

(b) As soon as practicable, but in no event later than 50 days after the close of each Quarter except the last Quarter of each fiscal year, the General Partner shall cause to be mailed or made available, by any reasonable means to each Record Holder of a Unit or other Partnership Interest, as of a date selected by the General Partner, a report containing unaudited financial statements of the Partnership and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the Units are listed or admitted to trading, or as the General Partner determines to be necessary or appropriate.

(c) The General Partner shall be deemed to have made a report available to each Record Holder as required by this Section 8.3 if it has either (i) filed such report with the Commission via its Electronic Data Gathering, Analysis and Retrieval system or any successor system and such report is publicly available on such system or (ii) made such report available on any publicly available website maintained by the Partnership.

Article IX

TAX MATTERS

Section 9.1 *Tax Returns and Information*. The Partnership shall timely file all returns of the Partnership that are required for federal, state and local income tax purposes on the basis of the accrual method and the taxable period or year that it is required by law to adopt, from time to time, as determined by the General Partner. In the event the Partnership is required to use a taxable period other than a year ending on December 31, the General Partner shall use reasonable efforts to change the taxable period of the Partnership to a year ending on December 31. The tax information reasonably required by Record Holders for federal, state and local income tax reporting purposes with respect to a taxable period shall be furnished to them within 90 days of the close of the calendar year in which the Partnership's taxable period ends. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the accrual method of accounting for U.S. federal income tax purposes.

Section 9.2 *Tax Elections.*

(a) The Partnership shall make the election under Section 754 of the Code in accordance with applicable regulations thereunder, subject to the reservation of the right to seek to revoke any such election upon the General Partner's determination that such revocation is in the best interests of the Limited Partners. Notwithstanding any other provision herein contained, for the purposes of computing the adjustments under Section 743(b) of the Code, the General Partner shall be authorized (but not required) to adopt a convention whereby the price paid by a transferee of a Limited Partner Interest will be deemed to be the lowest quoted closing price of the Limited Partner Interests on any National Securities Exchange on which such Limited Partner Interests are listed or admitted to trading during the calendar month in which such transfer is deemed to occur pursuant to Section 6.2(f) without regard to the actual price paid by such transferee.

(b) Except as otherwise provided herein, the General Partner shall determine whether the Partnership should make any other elections permitted by the Code.

Section 9.3 *Tax Controversies*.

The General Partner shall designate the Organizational Limited Partner, or such other Partner as the General Partner shall designate, as the "partnership representative" in accordance with the rules prescribed pursuant to Section 6223 of the Code (the "***Partnership Representative").*** The Partnership Representative shall have the authority to designate from time to time a "Designated Individual" to act on behalf of the Partnership Representative, and such Designated Individual shall be subject to replacement by the Partnership Representative in accordance with Treasury Regulations Section 301.6223-1. The Partnership Representative, or the Designated Individual, as applicable, shall have the sole authority to act on behalf of the Partnership in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. The Partnership Representative or the

Designated Individual, as applicable, shall exercise in its sole discretion, any and all authority of the Partnership Representative under the Code, including, without limitation, (i) binding the Partnership and its Partners with respect to tax matters and (ii) determining whether to make any available election under Section 6226 of the Code. Any reasonable, documented cost or expense that the Partnership Representative or the Designated Individual, as applicable, incurs in connection with its duties, including the preparation for or pursuance of administrative or judicial proceedings, shall be paid by the Partnership. Neither the Partnership Representative nor the Designated Individual shall be liable to the Partnership or to its partners for acts or omissions taken or suffered by it in its capacity as either Partnership Representative or Designated Individual, as the case may be, in good faith; provided that such act or omission is not in willful violation of this Agreement and does not constitute fraud or a willful violation of law. Each Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner in connection with any examinations of the Partnership's affairs by tax authorities.

The General Partner shall amend the provisions of this Agreement as appropriate in accordance with Article XIII to reflect the proposal or promulgation of Treasury Regulations implementing the partnership audit, assessment and collection rules adopted by the Bipartisan Budget Act of 2015, including any amendments to those rules.

Section 9.4 *Withholding; Tax Payments.*

(a) The General Partner may treat taxes paid by the Partnership on behalf of, all or less than all of the Partners, either as a distribution of cash to such Partners or as a general expense of the Partnership, as determined appropriate under the circumstances by the General Partner.

(b) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that may be required to cause the Partnership and other Group Members to comply with any withholding requirements established under the Code or any other federal, state or local law including pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required or elects to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income or from a distribution to any Partner (including by reason of Section 1446 of the Code), the General Partner may treat the amount withheld as a distribution of cash pursuant to Section 6.3 in the amount of such withholding from such Partner.

Article X

ADMISSION OF PARTNERS

Section 10.1 *Admission of Limited Partners.*

(a) A Person shall be admitted as a Limited Partner and shall become bound by the terms of this Agreement if such Person purchases or otherwise lawfully acquires any Limited Partner Interest and becomes the Record Holder of such Limited Partner Interests in accordance with the provisions of Article IV or Article V hereof. Upon the issuance by the Partnership of Common Units and Incentive Distribution Rights to the General Partner, the Organizational Limited Partner and the Underwriters as described in Article V in connection with the Initial

Offering, such parties will be automatically admitted to the Partnership as Initial Limited Partners in respect of the Common Units or Incentive Distribution Rights issued to them.

(b) By acceptance of the transfer of any Limited Partner Interests in accordance with Article IV or the acceptance of any Limited Partner Interests issued pursuant to Article V or pursuant to a merger or consolidation or conversion pursuant to Article XIV, and except as provided in Section 4.8, each transferee of, or other such Person acquiring, a Limited Partner Interest (including any nominee holder or an agent or representative acquiring such Limited Partner Interests for the account of another Person) (i) shall be admitted to the Partnership as a Limited Partner with respect to the Limited Partner Interests so transferred or issued to such Person when any such transfer or admission is reflected in the books and records of the Partnership and such Limited Partner becomes the Record Holder of the Limited Partner Interests so transferred, (ii) shall become bound, and shall be deemed to have agreed to be bound, by the terms of this Agreement, (iii) represents that the transferee or other recipient has the capacity, power and authority to enter into this Agreement, (iv) makes the consents, acknowledgements and waivers contained in this Agreement and (v) shall be deemed to certify that the transferee is not an Ineligible Holder, all with or without execution of this Agreement by such Person. The transfer of any Limited Partner Interests and the admission of any new Limited Partner shall not constitute an amendment to this Agreement. A Person may become a Limited Partner or Record Holder of a Limited Partner Interest without the consent or approval of any of the Partners. A Person may not become a Limited Partner without acquiring a Limited Partner Interest and until such Person is reflected in the books and records of the Partnership as the Record Holder of such Limited Partner Interest. The rights and obligations of a Person who is an Ineligible Holder shall be determined in accordance with Section 4.8.

(c) The name and mailing address of each Record Holder shall be listed on the books and records of the Partnership maintained for such purpose by the Partnership or the Transfer Agent. The General Partner shall update the books and records of the Partnership from time to time as necessary to reflect accurately the information therein (or shall cause the Transfer Agent to do so, as applicable). A Limited Partner Interest may be represented by a Certificate, as provided in Section 4.1.

(d) Any transfer of a Limited Partner Interest shall not entitle the transferee to share in the profits and losses, to receive distributions, to receive allocations of income, gain, loss, deduction or credit or any similar item or to any other rights to which the transferor was entitled until the transferee becomes a Limited Partner pursuant to Section 10.1(b).

Section 10.2 *Admission of Successor General Partner*. A successor General Partner approved pursuant to Section 11.1 or Section 11.2 or the transferee of or successor to all of the General Partner Interest pursuant to Section 4.6 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the predecessor or transferring General Partner, pursuant to Section 11.1 or 11.2 or the transfer of the General Partner Interest pursuant to Section 4.6, *provided, however*, that no such successor shall be admitted to the Partnership until compliance with the terms of Section 4.6 has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor shall, subject to the terms hereof, carry on the business of the members of the Partnership Group without dissolution.

Section 10.3 *Amendment of Agreement and Certificate of Limited Partnership*. To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary or appropriate under the Delaware Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practicable an amendment to this

Agreement and, if required by law, the General Partner shall prepare and file an amendment to the Certificate of Limited Partnership.

Article XI

WITHDRAWAL OR REMOVAL OF PARTNERS

Section 11.1 *Withdrawal of the General Partner.*

(a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "***Event of Withdrawal***");

(i) The General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners;

(ii) The General Partner transfers all of its General Partner Interest pursuant to Section 4.6;

(iii) The General Partner is removed pursuant to Section 11.2;

(iv) The General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition for relief under Chapter 7 of the United States Bankruptcy Code; (C) files a petition or answer seeking for itself a liquidation, dissolution or similar relief (but not a reorganization) under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (iv)-(iv) of this Section 11.1(a)(iv); or (E) seeks, consents to or acquiesces in the appointment of a trustee (but not a debtor-in-possession), receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(v) A final and non-appealable order of relief under Chapter 7 of the United States Bankruptcy Code is entered by a court with appropriate jurisdiction pursuant to a voluntary or involuntary petition by or against the General Partner; or

(vi) (A) if the General Partner is a corporation, a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation; (B) if the General Partner is a partnership or a limited liability company, the dissolution and commencement of winding up of the General Partner; (C) if the General Partner is acting in such capacity by virtue of being a trustee of a trust, the termination of the trust; (D) if the General Partner is a natural person, his death or adjudication of incompetency; and (E) otherwise upon the termination of the General Partner.

If an Event of Withdrawal specified in Section 11.1(a)(iv), (v) or (vi)(A), (B), (C) or (D) occurs, the withdrawing General Partner shall give notice to the Limited Partners within 30 days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 11.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall not constitute a breach of this Agreement under the following circumstances: (i) at any time during the period beginning on the Closing Date and ending at 11:59 pm, prevailing Central Time, on September 30, 2022, the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners; provided, that prior to the effective date of such withdrawal, the withdrawal is approved by Unitholders holding at least a majority of the Outstanding Common Units (excluding Common Units held by the General Partner and its Affiliates) and the General Partner delivers to the Partnership an Opinion of Counsel ("***Withdrawal Opinion of Counsel***") that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability under the Delaware Act of any Limited Partner or cause any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already so treated or taxed); (ii) at any time after 11:59 pm, prevailing Central Time, on September 30, 2022, the General Partner voluntarily withdraws by giving at least 90 days' advance notice to the Unitholders, such withdrawal to take effect on the date specified in such notice; (iii) at any time that the General Partner ceases to be the General Partner pursuant to Section 11.1(a)(ii) or is removed pursuant to Section 11.2; or (iv) notwithstanding clause (b) of this sentence, at any time that the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners, such withdrawal to take effect on the date specified in the notice, if at the time such notice is given one Person and its Affiliates (other than the General Partner and its Affiliates) own beneficially or of record or control at least 50% of the Outstanding Units. The withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall also constitute the withdrawal of the General Partner as general partner or managing member, if any, to the extent applicable, of the other Group Members. If the General Partner gives a notice of withdrawal pursuant to Section 11.1(a)(i), a Unit Majority, may, prior to the effective date of such withdrawal, elect a successor General Partner. The Person so elected as successor General Partner shall automatically become the successor general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member. If, prior to the effective date of the General Partner's withdrawal pursuant to Section 11.1(a)(i), a successor is not selected by the Unitholders as provided herein or the Partnership does not receive a Withdrawal Opinion of Counsel, the Partnership shall be dissolved in accordance with Section 12.1 unless the business of the Partnership is continued pursuant to Section 12.2. Any successor General Partner elected in accordance with the terms of this Section 11.1 shall be subject to the provisions of Section 10.3.

Section 11.2 *Removal of the General Partner*. The General Partner may be removed if such removal is approved by the Unitholders holding at least 66 2/3% of the Outstanding Units (including Units held by the General Partner and its Affiliates) voting as a single class. Any such action by such holders for removal of the General Partner must also provide for the election of a successor General Partner by the Unitholders holding a majority of the Outstanding Common Units, voting as a class (including, in each case, Units held by the General Partner and its Affiliates). Such removal shall be effective immediately following the admission of a successor General Partner pursuant to Section 10.2. The removal of the General Partner shall also automatically constitute the removal of the General Partner as general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member. If a Person is elected as a successor General Partner in accordance with the terms of this Section 11.2, such Person shall, upon admission pursuant to Section 10.2, automatically become a successor general partner or managing member, to the extent applicable, of the other Group Members of which the General Partner is a general partner or a managing member. The right of the holders of Outstanding Units to remove the General Partner shall not exist or be exercised unless the Partnership has received an opinion opining as to the matters covered by a Withdrawal Opinion of Counsel. Any successor General Partner elected in accordance with the terms of this Section 11.2 shall be subject to the provisions of Section 10.2.

Section 11.3 *Interest of Departing General Partner and Successor General Partner.*

(a) In the event of (i) withdrawal of the General Partner under circumstances where such withdrawal does not violate this Agreement or (ii) removal of the General Partner by the holders of Outstanding Units under circumstances where Cause does not exist, if the successor General Partner is elected in accordance with the terms of Section 11.1 or Section 11.2, the Departing General Partner shall have the option, exercisable prior to the effective date of the withdrawal or removal of such Departing General Partner, to require its successor to purchase its General Partner Interest and its or its Affiliates' general partner interest (or equivalent interest), if any, in the other Group Members and all of its or its Affiliates' Incentive Distribution Rights (collectively, the "***Combined Interest***") in exchange for an amount in cash equal to the fair market value of such Combined Interest, such amount to be determined and payable as of the effective date of its withdrawal or removal. If the General Partner is removed by the Unitholders under circumstances where Cause exists or if the General Partner withdraws under circumstances where such withdrawal violates this Agreement, and if a successor General Partner is elected in accordance with the terms of Section 11.1 or Section 11.2 (or if the business of the Partnership is continued pursuant to Section 12.2 and the successor General Partner is not the former General Partner), such successor shall have the option, exercisable prior to the effective date of the withdrawal or removal of such Departing General Partner (or, in the event the business of the Partnership is continued, prior to the date the business of the Partnership is continued), to purchase the Combined Interest for such fair market value of such Combined Interest. In either event, the Departing General Partner shall be entitled to receive all reimbursements due such Departing General Partner pursuant to Section 7.5, including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by the Departing General Partner or its Affiliates (other than any Group Member) for the benefit of the Partnership or the other Group Members.

For purposes of this Section 11.3(a), the fair market value of the Combined Interest shall be determined by agreement between the Departing General Partner and its successor or, failing agreement within 30 days after the effective date of such Departing General Partner's withdrawal or removal, by an independent investment banking firm or other independent expert selected by the Departing General Partner and its successor, which, in turn, may rely on other experts, and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of such withdrawal or removal, then the Departing General Partner shall designate an independent investment banking firm or other independent expert, the Departing General Partner's successor shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which third independent investment banking firm or other independent expert shall determine the fair market value of the Combined Interest. In making its determination, such third independent investment banking firm or other independent expert may consider the value of the Units, including the then current trading price of Units on any National Securities Exchange on which Units are then listed or admitted to trading, the value of the Partnership's assets, the rights and obligations of the Departing General Partner, the value of the Incentive Distribution Rights and the General Partner Interest and other factors it may deem relevant.

(b) If the Combined Interest is not purchased in the manner set forth in Section 11.3(a), the Departing General Partner (and its Affiliates, if applicable) shall become a Limited Partner and the Combined Interest shall be converted into Common Units pursuant to a valuation made by an investment banking firm or other independent expert selected pursuant to Section 11.3(a), without reduction in such Partnership Interest (but subject to proportionate dilution by reason of the admission of its successor). Any successor General Partner shall indemnify the Departing General Partner as to all debts and liabilities of the Partnership arising on or after the date on which the Departing General Partner becomes a Limited Partner. For purposes of this Agreement, conversion of the Combined Interest to Common Units will be characterized as if the Departing General Partner (and its Affiliates, if applicable) contributed the Combined Interest to the Partnership in exchange for the newly issued Common Units.

(c) If a successor General Partner is elected in accordance with the terms of Section 11.1 or Section 11.2 (or if the business of the Partnership is continued pursuant to Section 12.2 and the successor General Partner is not the former General Partner) and the option described in Section 11.3(a) is not exercised by the party entitled to do so, the successor General Partner shall, at the effective date of its admission to the Partnership, contribute to the Partnership cash in the amount equal to the product of (x) the quotient obtained by dividing (A) the Percentage Interest of the General Partner Interest of the Departing General Partner by (B) a percentage equal to 100% less the Percentage Interest of the General Partner Interest of the Departing General Partner and (y) the Net Agreed Value of the Partnership's assets on such date. In such event, such successor General Partner shall, subject to the following sentence, be entitled to its Percentage Interest of all Partnership allocations and distributions to which the Departing General Partner was entitled. In addition, the successor General Partner shall cause this Agreement to be amended to reflect that, from and after the date of such successor General Partner's admission, the successor General Partner's interest in all Partnership distributions and allocations shall be its Percentage Interest.

Section 11.4 *Intentionally deleted.*

Section 11.5 *Withdrawal of Limited Partners*. No Limited Partner shall have any right to withdraw from the Partnership; *provided, however*, that when a transferee of a Limited Partner's Limited Partner Interest becomes a Record Holder of the Limited Partner Interest so transferred, such transferring Limited Partner shall cease to be a Limited Partner with respect to the Limited Partner Interest so transferred.

Article XII

DISSOLUTION AND LIQUIDATION

Section 12.1 *Dissolution*. The Partnership shall not be dissolved by the admission of additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner, if a successor General Partner is elected pursuant to Section 11.1, 11.2 or 12.2, the Partnership shall not be dissolved and such successor General Partner is hereby authorized to, and shall, continue the business of the Partnership. Subject to Section 12.2, the Partnership shall dissolve, and its affairs shall be wound up, upon:

(a) an Event of Withdrawal of the General Partner as provided in Section 11.1(a) (other than Section 11.1(a)(ii)), unless a successor is elected and such successor is admitted to the Partnership pursuant to this Agreement;

(b) an election to dissolve the Partnership by the General Partner that is approved by a Unit Majority;

(c) the entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act; or

(d) at any time there are no Limited Partners, unless the Partnership is continued without dissolution in accordance with the Delaware Act.

Section 12.2 *Continuation of the Business of the Partnership After Dissolution*. Upon (a) an Event of Withdrawal caused by the withdrawal or removal of the General Partner as provided in Section 11.1(a)(i) or (iii) and the failure of the Partners to select a successor to such Departing General Partner pursuant to Section 11.1 or Section 11.2, then within 90 days thereafter, or (b) an event constituting an Event of Withdrawal as defined in Section 11.1(a)(iv), (v) or (vi), then, to the maximum extent permitted by law, within 180 days thereafter, a Unit Majority may elect to continue the business of the Partnership on the same terms and conditions set forth in this Agreement by appointing as a successor General Partner a Person approved by a Unit Majority. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(i) the Partnership shall continue without dissolution unless earlier dissolved in accordance with this Article XII;

(ii) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be treated in the manner provided in Section 11.3; and

(iii) the successor General Partner shall be admitted to the Partnership as General Partner, effective as of the Event of Withdrawal, by agreeing in writing to be bound by this Agreement; *provided*, that the right of a Unit Majority to approve a successor General Partner and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel that (x) the exercise of the right would not result in the loss of limited liability under the Delaware Act of any Limited Partner and (y) neither the Partnership nor any Group Member would be treated as an association taxable as a corporation or otherwise be taxable as an entity for U.S. federal income tax purposes upon the exercise of such right to continue (to the extent not already so treated or taxed).

Section 12.3 *Liquidator*. Upon dissolution of the Partnership, unless the business of the Partnership is continued pursuant to Section 12.2, the General Partner shall select one or more Persons to act as Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by holders of at least a majority of the Outstanding Common Units. The Liquidator (if other than the General Partner) shall agree not to resign at any time without 15 days' prior notice and may be removed at any time, with or without cause, by notice of removal approved by holders of at least a majority of the Outstanding Common Units. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by holders of at least a majority of the Outstanding Common Units. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XII, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 7.4) necessary or appropriate to carry out the duties and functions of the Liquidator hereunder for and during the period of time required to complete the winding up and liquidation of the Partnership as provided for herein.

Section 12.4 *Liquidation*. The Liquidator shall proceed to dispose of the assets of the Partnership, discharge its liabilities, and otherwise wind up its affairs in such manner and over such period as determined by the Liquidator, subject to Section 17-804 of the Delaware Act and the following:

(a) The assets may be disposed of by public or private sale or by distribution in kind to one or more Partners on such terms as the Liquidator and such Partner or Partners may agree. If any property is distributed in kind, the Partner receiving the property shall be deemed for purposes of Section 12.4(c) to have received cash equal to its fair market value; and contemporaneously therewith, appropriate cash distributions must be made to the other Partners. The Liquidator may defer liquidation or distribution of the Partnership's assets for a reasonable time if it determines that an immediate sale or distribution of all or some of the Partnership's assets would be impractical or would cause undue loss to the Partners. The Liquidator may distribute the Partnership's assets, in whole or in part, in kind if it determines that a sale would be impractical or would cause undue loss to the Partners.

(b) Liabilities of the Partnership include amounts owed to the Liquidator as compensation for serving in such capacity (subject to the terms of Section 12.3) and amounts to Partners otherwise than in respect of their distribution rights under Article VI. With respect to any liability that is contingent, conditional or unmatured or is otherwise not yet due and payable, the Liquidator shall either settle such claim for such amount as it thinks appropriate or establish a reserve of cash or other assets to provide for its payment. When paid, any unused portion of the reserve shall be distributed as additional liquidation proceeds.

(c) All property and all cash in excess of that required to discharge liabilities as provided in Section 12.4(b) shall be distributed to the Partners in accordance with, and to the extent of, the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments (other than those made by reason of distributions pursuant to this Section 12.4(c)) for the taxable period of the Partnership during which the liquidation of the Partnership occurs (with such date of occurrence being determined pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(g)), and such distribution shall be made by the end of such taxable period (or, if later, within 90 days after said date of such occurrence).

Section 12.5 *Cancellation of Certificate of Limited Partnership*. Upon the completion of the distribution of Partnership cash and property as provided in Section 12.4 in connection with the liquidation of the Partnership, the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be canceled and such other actions as may be necessary to terminate the Partnership shall be taken.

Section 12.6 *Return of Contributions*. The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Capital Contributions of the Limited Partners or Unitholders, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

Section 12.7 *Waiver of Partition*. To the maximum extent permitted by law, each Partner hereby waives any right to partition of the Partnership property.

Section 12.8 *Capital Account Restoration*. No Limited Partner shall have any obligation to restore any negative balance in its Capital Account upon liquidation of the Partnership. The General Partner shall be obligated to restore any negative balance in its Capital Account upon liquidation of its interest in the Partnership by the end of the taxable period of the

Partnership during which such liquidation occurs, or, if later, within 90 days after the date of such liquidation.

Article XIII

AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

Section 13.1 *Amendments to be Adopted Solely by the General Partner*. Each Partner agrees that the General Partner, without the approval of any Partner, may amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that the General Partner determines to be necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the Limited Partners have limited liability under the laws of any state or to ensure that the Group Members will not be treated as associations taxable as corporations or otherwise taxed as entities for U.S. federal income tax purposes;

(d) a change that the General Partner determines (i) does not adversely affect the Limited Partners (including any particular class or series of Partnership Interests as compared to other classes or series of Partnership Interests) in any material respect (except as permitted by subsection (g) hereof), (ii) to be necessary or appropriate to (A) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Delaware Act) or (B) facilitate the trading of the Units (including the division of any class or classes of Outstanding Units into different classes or series to facilitate uniformity of tax consequences within such classes or series of Units) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed or admitted to trading, (iii) to be necessary or appropriate in connection with action taken by the General Partner pursuant to Section 5.9 or (iv) is required to effect the intent expressed in the Registration Statement or the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(e) a change in the fiscal year or taxable period of the Partnership and any other changes that the General Partner determines to be necessary or appropriate as a result of a change in the fiscal year or taxable period of the Partnership including, if the General Partner shall so determine, a change in the definition of “Quarter” and the dates on which distributions are to be made by the Partnership;

(f) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership, or the General Partner or its directors, officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or “plan asset” regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(g) an amendment that the General Partner determines to be necessary or appropriate in connection with the creation, authorization or issuance of any class or series of Partnership Interests or Derivative Instruments pursuant to Section 5.6;

(h) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(i) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 14.3;

(j) an amendment that the General Partner determines to be necessary or appropriate to reflect and account for the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Partnership of activities permitted by the terms of Section 2.4 or Section 7.1(a);

(k) a merger, conveyance or conversion pursuant to Section 14.3(d); or

(l) any other amendments substantially similar to the foregoing.

Section 13.2 *Amendment Procedures*. Amendments to this Agreement may be proposed only by the General Partner. To the fullest extent permitted by law, the General Partner shall have no duty or obligation to propose or approve any amendment to this Agreement and may decline to do so in its sole discretion, and, in declining to propose or approve an amendment, to the fullest extent permitted by law, shall not be required to act in good faith or pursuant to any other standard imposed by this Agreement, any Group Member Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation or at equity. An amendment shall be effective upon its approval by the General Partner and, except as otherwise provided by Section 13.1 or 13.3, a Unit Majority, unless a greater or different percentage is required under this Agreement or by Delaware law. Each proposed amendment that requires the approval of the holders of a specified percentage of Outstanding Units shall be set forth in a writing that contains the text of the proposed amendment. If such an amendment is proposed, the General Partner shall seek the written approval of the requisite percentage of Outstanding Units or call a meeting of the Unitholders to consider and vote on such proposed amendment. The General Partner shall notify all Record Holders upon final adoption of any amendments. The General Partner shall be deemed to have notified all Record Holders as required by this Section 13.2 if it has either (i) filed such amendment with the Commission via its Electronic Data Gathering, Analysis and Retrieval system and such amendment is publicly available on such system or (ii) made such amendment available on any publicly available website maintained by the Partnership

Section 13.3 *Amendment Requirements.*

(a) Notwithstanding the provisions of Section 13.1 and Section 13.2, no provision of this Agreement (other than Section 11.2 or 13.4) that establishes a percentage of Outstanding Units (including Units deemed owned by the General Partner) or requires a vote or approval of Partners (or a subset of Partners) holding a specified Percentage Interest required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing or increasing such percentage, unless such amendment is approved by the written consent or the affirmative vote of holders of Outstanding Units whose aggregate Outstanding Units constitute not less than the voting requirement sought to be reduced or increased, as applicable, or the affirmative vote of Partners whose aggregate Percentage Interests constitute not less than the voting requirement sought to be reduced, as applicable.

(b) Notwithstanding the provisions of Section 13.1 and Section 13.2, no amendment to this Agreement may (i) enlarge the obligations of (including requiring any holder of a class of Partnership Interests to make additional Capital Contributions to the Partnership) any Limited Partner without its consent, unless such shall be deemed to have occurred as a result of an amendment approved pursuant to Section 13.3(c), or (ii) enlarge the obligations of, restrict, change or modify in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable to, the General Partner or any of its Affiliates without its consent, which consent may be given or withheld at its option.

(c) Except as provided in Section 14.3 or Section 13.1, any amendment that would have a material adverse effect on the rights or preferences of any class of Partnership Interests in relation to other classes of Partnership Interests must be approved by the holders of not less than a majority of the Outstanding Partnership Interests of the class affected. If the General Partner determines an amendment does not satisfy the requirements of Section 13.1(d) because it adversely affects one or more classes of Partnership Interests, as compared to other classes of Partnership Interests, in any material respect, such amendment shall only be required to be approved by the adversely affected class or classes.

(d) Notwithstanding any other provision of this Agreement, except for amendments pursuant to Section 13.1 and except as otherwise provided by Section 14.3(b), no amendments shall become effective without the approval of the holders of at least 90% of the Percentage Interests of all Limited Partners voting as a single class unless the Partnership obtains an Opinion of Counsel to the effect that such amendment will not affect the limited liability of any Limited Partner under applicable partnership law of the state under whose laws the Partnership is organized.

(e) Except as provided in Section 13.1, this Section 13.3 shall only be amended with the approval of Partners (including the General Partner and its Affiliates) holding at least 90% of the Percentage Interests of all Limited Partners.

Section 13.4 *Special Meetings*. All acts of Limited Partners to be taken pursuant to this Agreement shall be taken in the manner provided in this Article XIII. Special meetings of the Limited Partners may be called by the General Partner or by Limited Partners owning 20% or more of the Outstanding Units of the class or classes for which a meeting is proposed. Limited Partners shall call a special meeting by delivering to the General Partner one or more requests in writing stating that the signing Limited Partners wish to call a special meeting and indicating the general or specific purposes for which the special meeting is to be called. Within 60 days after receipt of such a call from Limited Partners or within such greater time as may be reasonably necessary for the Partnership to comply with any statutes, rules, regulations, listing agreements or similar requirements governing the holding of a meeting or the solicitation of proxies for use at such a meeting, the General Partner shall send a notice of the meeting to the Limited Partners either directly or indirectly through the Transfer Agent. A meeting shall be held at a time and place determined by the General Partner on a date not less than 10 days nor more than 60 days after the time notice of the meeting is given as provided in Section 16.1. Limited Partners shall not vote on matters that would cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners’ limited liability under the Delaware Act or the law of any other state in which the Partnership is qualified to do business.

Section 13.5 *Notice of a Meeting*. Notice of a meeting called pursuant to Section 13.4 shall be given to the Record Holders of the class or classes of Units for which a meeting is proposed in writing by mail or other means of written communication in accordance with Section 16.1. The notice shall be deemed to have been given at the time when deposited in the mail or sent by other means of written communication.

Section 13.6 *Record Date*. For purposes of determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners or to give approvals without a meeting as provided in Section 13.11 the General Partner may set a Record Date, which shall not be less than 10 nor more than 60 days before (a) the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed or admitted to trading or U.S. federal securities laws, in which case the rule, regulation, guideline or requirement of such National Securities Exchange or U.S. federal securities laws shall govern) or (b) in the event that approvals are sought without a meeting, the date by which Limited Partners are requested in writing by the General Partner to give such approvals. If the General Partner does not set a Record Date, then (a) the Record Date for determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners shall be the close of business on the day next preceding the day on which notice is given, and (b) the Record Date for determining the Limited Partners entitled to give approvals without a meeting shall be the date the first written approval is deposited with the Partnership in care of the General Partner in accordance with Section 13.11.

Section 13.7 *Adjournment*. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than 45 days. At the adjourned meeting, the Partnership may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article XIII.

Section 13.8 *Waiver of Notice; Approval of Meeting; Approval of Minutes*. The transaction of business at any meeting of Limited Partners, however called and noticed, and whenever held, shall be as valid as if it had occurred at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy. Attendance of a Limited Partner at a meeting shall constitute a waiver of notice of the meeting, except when the Limited Partner attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened; and except that attendance at a meeting is not a waiver of any right to disapprove the consideration of matters required to be included in the notice of the meeting, but not so included, if the disapproval is expressly made at the meeting.

Section 13.9 *Quorum and Voting*. The holders of a majority, by Percentage Interest, of Partnership Interests of the class or classes for which a meeting has been called (including Partnership Interests deemed owned by the General Partner) represented in person or by proxy shall constitute a quorum at a meeting of Partners of such class or classes unless any such action by the Partners requires approval by holders of a greater Percentage Interest, in which case the quorum shall be such greater Percentage Interest. At any meeting of the Partners duly called and held in accordance with this Agreement at which a quorum is present, the act of Partners holding Partnership Interests that, in the aggregate, represent a majority of the Percentage Interest of those present in person or by proxy at such meeting shall be deemed to constitute the act of all Partners, unless a greater or different percentage is required with respect to such action under the provisions of this Agreement, in which case the act of the Partners holding Partnership Interests that in the aggregate represent at least such greater or different percentage shall be required; provided, however , that if, as a matter of law or amendment to this Agreement, approval by plurality vote of Partners (or any class thereof) is required to approve any action, no minimum quorum shall be required. The Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by Partners holding the required Percentage Interest specified in this Agreement. In the absence of a quorum any meeting of Partners may be adjourned from time to time by the affirmative vote of Partners with at least a majority, by Percentage Interest, of the Partnership Interests entitled to vote at such meeting (including Partnership Interests deemed owned by the General Partner) represented either in person or by proxy, but no other business may be transacted, except as provided in Section 13.7.

Section 13.10 *Conduct of a Meeting*. The General Partner shall have full power and authority concerning the manner of conducting any meeting of the Limited Partners or solicitation of approvals in writing, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of Section 13.4, the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The General Partner shall designate a Person to serve as chairman of any meeting and shall further designate a Person to take the minutes of any meeting. All minutes shall be kept with the records of the Partnership maintained by the General Partner. The General Partner may make such other regulations consistent with applicable law and this Agreement as it may deem advisable concerning the conduct of any meeting of the Limited Partners or solicitation of approvals in writing, including regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes and approvals, the submission and examination of proxies and other evidence of the right to vote, and the revocation of approvals in writing.

Section 13.11 *Action Without a Meeting*. If authorized by the General Partner, any action that may be taken at a meeting of the Limited Partners may be taken without a meeting, without a vote and without prior notice, if an approval in writing setting forth the action so taken is signed by Limited Partners owning not less than the minimum percentage, by Percentage Interest, of the Partnership Interests of the class or classes for which a meeting has been called (including Partnership Interests deemed owned by the General Partner), as the case may be, that would be necessary to authorize or take such action at a meeting at which all the Limited Partners entitled to vote at such meeting were present and voted (unless such provision conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed or admitted to trading, in which case the rule, regulation, guideline or requirement of such National Securities Exchange shall govern). Prompt notice of the taking of action without a meeting shall be given to the Limited Partners who have not approved in writing. The General Partner may specify that any written ballot submitted to Limited Partners for the purpose of taking any action without a meeting shall be returned to the Partnership within the time period, which shall be not less than 20 days, specified by the General Partner. If a ballot returned to the Partnership does not vote all of the Units held by the Limited Partners, the Partnership shall be deemed to have failed to receive a ballot for the Units that were not voted. If approval of the taking of any action by the Limited Partners is solicited by any Person other than by or on behalf of the General Partner, the written approvals shall have no force and effect unless and until (a) they are deposited with the Partnership in care of the General Partner and (b) an Opinion of Counsel is delivered to the General Partner to the effect that the exercise of such right and the action proposed to be taken with respect to any particular matter (i) will not cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability, and (ii) is otherwise permissible under the state statutes then governing the rights, duties and liabilities of the Partnership and the Partners. Nothing contained in this Section 13.11 shall be deemed to require the General Partner to solicit all Limited Partners in connection with a matter approved by the holders of the requisite percentage of Units acting by written consent without a meeting.

Section 13.12 *Right to Vote and Related Matters.*

(a) Only those Record Holders of the Outstanding Units on the Record Date set pursuant to Section 13.6 shall be entitled to notice of, and to vote at, a meeting of Limited Partners or to act with respect to matters as to which the holders of the Outstanding Units have the right to vote or to act. All references in this Agreement to votes of, or other acts that may be taken by, the Outstanding Units shall be deemed to be references to the votes or acts of the Record Holders of such Outstanding Units.

(b) With respect to Units that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Units are registered, such other Person shall, in exercising the voting rights in respect of such Units on any matter, and unless the arrangement between such Persons provides otherwise, vote such Units in favor of, and at the direction of, the Person who is the beneficial owner, and the Partnership shall be entitled to assume it is so acting without further inquiry. The provisions of this Section 13.12(b) (as well as all other provisions of this Agreement) are subject to the provisions of Section 4.3.

Section 13.13 *Voting of Incentive Distribution Rights.*

(a) For so long as a majority of the Incentive Distribution Rights are held by the General Partner and its Affiliates, the holders of the Incentive Distribution Rights shall not be entitled to vote such Incentive Distribution Rights on any Partnership matter except as may otherwise be required by law and the holders of the Incentive Distribution Rights, in their capacity as such, shall be deemed to have approved any matter approved by the General Partner.

(b) If less than a majority of the Incentive Distribution Rights are held by the General Partner and its Affiliates, the Incentive Distribution Rights will be entitled to vote on all matters submitted to a vote of Unitholders, other than amendments and other matters that the General Partner determines do not adversely affect the holders of the Incentive Distribution Rights as a whole in any material respect. On any matter in which the holders of Incentive Distribution Rights are entitled to vote, such holders will vote together with the Common Units as a single class except as otherwise required by Section 13.3(c), and such Incentive Distribution Rights shall be treated in all respects as Common Units when sending notices of a meeting of Limited Partners to vote on any matter (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement. The relative voting power of the Incentive Distribution Rights and the Common Units will be set in the same proportion as cumulative cash distributions, if any, in respect of the Incentive Distribution Rights for the four consecutive Quarters prior to the record date for the vote bears to the cumulative cash distributions in respect of such class of Units for such four Quarters.

(c) In connection with any equity financing, or anticipated equity financing, by the Partnership of an Expansion Capital Expenditure, the General Partner may, without the approval of the holders of the Incentive Distribution Rights, temporarily or permanently reduce the amount of Incentive Distributions that would otherwise be distributed to such holders, provided that in the judgment of the General Partner, such reduction will be in the long-term best interest of such holders.

Article XIV

MERGER OR CONSOLIDATION

Section 14.1 *Authority*. The Partnership may merge or consolidate with or into one or more corporations, limited liability companies, statutory trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including a partnership (whether general or limited (including a limited liability partnership)) or convert into any such entity, whether such entity is formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written plan of merger or consolidation ("***Merger Agreement***") in accordance with this Article XIV.

Section 14.2 *Procedure for Merger or Consolidation.*

(a) Merger or consolidation of the Partnership pursuant to this Article XIV requires the prior consent of the General Partner, *provided, however*, that, to the fullest extent permitted by law, the General Partner shall have no duty or obligation to consent to any merger or consolidation of the Partnership and may decline to do so free of any fiduciary duty or obligation whatsoever to the Partnership, any Limited Partner and, in declining to consent to a merger or consolidation, shall not be required to act in good faith or pursuant to any other standard imposed by this Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation or at equity.

(b) If the General Partner shall determine to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(i) the name and jurisdiction of formation or organization of each of the business entities proposing to merge or consolidate;

(ii) the name and jurisdiction of formation or organization of the business entity that is to survive the proposed merger or consolidation (the "***Surviving Business Entity***");

(iii) the terms and conditions of the proposed merger or consolidation;

(iv) the manner and basis of exchanging or converting the equity interests of each constituent business entity for, or into, cash, property or interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or interests, rights, securities or obligations of the Surviving Business Entity, then the cash, property or interests, rights, securities or obligations of any general or limited partnership, corporation, trust, limited liability company, unincorporated business or other entity (other than the Surviving Business Entity) which the holders of such interests, securities or rights are to receive in exchange for, or upon conversion of their interests, securities or rights, and (ii) in the case of equity interests represented by certificates, upon the surrender of such certificates, which cash, property or interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, corporation, trust, limited liability company, unincorporated business or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(v) a statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership, certificate of formation or limited liability company agreement or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(vi) the effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 14.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of such certificate of merger, the effective time shall be fixed at a date or time certain and stated in the certificate of merger); and

(vii) such other provisions with respect to the proposed merger or consolidation that the General Partner determines to be necessary or appropriate.

Section 14.3 *Approval by Limited Partners.*

(a) Except as provided in Section 14.3(d), the General Partner, upon its approval of the Merger Agreement shall direct that the Merger Agreement and the merger or consolidation contemplated thereby, as applicable, be submitted to a vote of Limited Partners, whether at a special meeting or by written consent, in either case in accordance with the requirements of Article XIII. A copy or a summary of the Merger Agreement, as the case may be, shall be included in or enclosed with the notice of a special meeting or the written consent.

(b) Except as provided in Sections 14.3(d) and 14.3(e), the Merger Agreement shall be approved upon receiving the affirmative vote or consent of the holders of a Unit Majority unless the Merger Agreement contains any provision that, if contained in an amendment to this Agreement, the provisions of this Agreement or the Delaware Act would require for its approval the vote or consent of a greater percentage of the Outstanding Units or of any class of Limited Partners, in which case such greater percentage vote or consent shall be required for approval of the Merger Agreement.

(c) Except as provided in Sections 14.3(d) and 14.3(e), after such approval by vote or consent of the Limited Partners, and at any time prior to the filing of the certificate of merger pursuant to Section 14.4, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

(d) Notwithstanding anything else contained in this Article XIV or in this Agreement, the General Partner is permitted, without Limited Partner approval, to convert the Partnership or any Group Member into a new limited liability entity, to merge the Partnership or any Group Member into, or convey all of the Partnership's assets to, another limited liability entity that shall be newly formed and shall have no assets, liabilities or operations at the time of such merger or conveyance other than those it receives from the Partnership or other Group Member if (i) the General Partner has received an Opinion of Counsel that the merger or conveyance, as the case may be, would not result in the loss of the limited liability under the Delaware Act of any Limited Partner or cause the Partnership or any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already treated as such), (ii) the sole purpose of such merger, or conveyance is to effect a mere change in the legal form of the Partnership into another limited liability entity and (iii) the governing instruments of the new entity provide the Limited Partners and the General Partner with substantially the same rights and obligations as are herein contained.

(e) Additionally, notwithstanding anything else contained in this Article XIV or in this Agreement, the General Partner is permitted, without Limited Partner approval, to merge or consolidate the Partnership with or into another entity if (A) the General Partner has received an Opinion of Counsel that the merger or consolidation, as the case may be, would not result in the loss of the limited liability under the Delaware Act of any Limited Partner or cause the Partnership or any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already treated as such), (B) the merger or consolidation would not result in an amendment to this Agreement, other than any amendments that could be adopted pursuant to Section 13.1, (C) the Partnership is the Surviving Business Entity in such merger or consolidation, (D) each Partnership Interest outstanding immediately prior to the effective date of the merger or consolidation is to be an identical Partnership Interest of the Partnership after the effective date of the merger or consolidation, and (E) the number of Partnership Interests to be issued by the Partnership in such merger or consolidation does not exceed 20% of the Partnership Interests (other than Incentive Distribution Rights) Outstanding immediately prior to the effective date of such merger or consolidation.

(f) Pursuant to Section 17-211(g) of the Delaware Act, an agreement of merger or consolidation approved in accordance with this Article XIV may (a) effect any amendment to this Agreement or (b) effect the adoption of a new partnership agreement for the Partnership if it is the Surviving Business Entity. Any such amendment or adoption made pursuant to this Section 14.3 shall be effective at the effective time or date of the merger or consolidation.

Section 14.4 *Certificate of Merger*. Upon the required approval by the General Partner and the Unitholders of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

Section 14.5 *Effect of Merger or Consolidation.*

(a) At the effective time of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities, shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

Article XV

RIGHT TO ACQUIRE LIMITED PARTNER INTERESTS

Section 15.1 *Right to Acquire Limited Partner Interests.*

(a) Notwithstanding any other provision of this Agreement, if at any time the General Partner and its Affiliates hold more than 80% of the total Limited Partner Interests of any class then Outstanding, the General Partner shall then have the right, which right it may assign and transfer in whole or in part to the Partnership or any Affiliate of the General Partner, exercisable in its sole discretion, to purchase all, but not less than all, of such Limited Partner Interests of such class then Outstanding held by Persons other than the General Partner and its Affiliates, at the greater of (x) the Current Market Price as of the date three days prior to the date that the notice described in Section 15.1(b) is mailed and (y) the highest price paid by the General Partner or any of its Affiliates for any such Limited Partner Interest of such class purchased during the 90-day period preceding the date that the notice described in Section 15.1(b) is mailed.

(b) If the General Partner, any Affiliate of the General Partner or the Partnership elects to exercise the right to purchase Limited Partner Interests granted pursuant to Section 15.1(a), the General Partner shall deliver to the Transfer Agent notice of such election to purchase (the "***Notice of Election to Purchase***") and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of Limited Partner Interests of such class (as of a Record Date selected by the General Partner) at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published for a period of at least three consecutive days in at least two daily newspapers of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section 15.1(a)) at which Limited Partner Interests will be purchased and state that the General Partner, its Affiliate or the Partnership, as the case may be, elects to purchase such Limited Partner Interests, upon surrender of Certificates representing such Limited Partner Interests in the case of Limited Partner Interests evidenced by Certificates, in exchange for payment, at such office or offices of the Transfer Agent as the Transfer Agent may specify, or as may be required by any National Securities Exchange on which such Limited Partner Interests are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder of Limited Partner Interests at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given regardless of whether the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price of all of such Limited Partner Interests to be purchased in accordance with this Section 15.1. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit of the holders of Limited Partner Interests subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any Certificate shall not have been surrendered for purchase, all rights of the holders of such Limited Partner Interests shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 15.1(a)) for Limited Partner Interests therefor, without interest, upon surrender to the Transfer Agent of the Certificates representing such Limited Partner Interests in the case of Limited Partner Interests evidenced by Certificates, and such Limited Partner Interests shall thereupon be deemed to be transferred to the General Partner, its Affiliate or the Partnership, as the case may be, on the record books of the Transfer Agent and the Partnership, and the General Partner or any Affiliate of the General Partner, or the Partnership, as the case may be, shall be deemed to be the owner of all such Limited Partner Interests from and after the Purchase Date and shall have all rights as the owner of such Limited Partner Interests.

(c) In the case of Limited Partner Interests evidenced by Certificates, at any time from and after the Purchase Date, a holder of an Outstanding Limited Partner Interest subject to purchase as provided in this Section 15.1 may surrender his Certificate evidencing such Limited Partner Interest to the Transfer Agent in exchange for payment of the amount described in Section 15.1(a), therefor, without interest thereon.

Article XVI

GENERAL PROVISIONS

Section 16.1 *Addresses and Notices; Written Communications.*

(a) Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Partner under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner at the address described below. Any notice, payment or report to be given or made to a Partner hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, upon sending of such notice, payment or report to the Record Holder of such Partnership Interests at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Partnership, regardless of any claim of any Person who may have an interest in such Partnership Interests by reason of any assignment or otherwise. Notwithstanding the foregoing, if (i) a Partner shall consent to receiving notices, demands, requests, reports or proxy materials via electronic mail or by the Internet or (ii) the rules of the Commission shall permit any report or proxy materials to be delivered electronically or made available via the Internet, any such notice, demand, request, report or proxy materials shall be deemed given or made when delivered or made available via such mode of delivery. An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section 16.1 executed by the General Partner, the Transfer Agent or the mailing organization shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report given or made in accordance with the provisions of this Section 16.1 is returned marked to indicate that such notice, payment or report was unable to be delivered, such notice, payment or report and, in the case of notices, payments or reports returned by the United States Postal Service (or other physical mail delivery mail service outside the United States of America), any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Partnership of a change in his address) or other delivery if they are available for the Partner at the principal office of the Partnership for a period of one year from the date of the giving or making of such notice, payment or report to the other Partners. Any notice to the Partnership shall be deemed given if received by the General Partner at the principal office of the Partnership designated pursuant to Section 2.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner or other Person if believed by it to be genuine.

(b) The terms “in writing”, “written communications,” “written notice” and words of similar import shall be deemed satisfied under this Agreement by use of e-mail and other forms of electronic communication.

Section 16.2 *Further Action*. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 16.3 *Binding Effect*. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 16.4 *Integration*. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 16.5 *Creditors*. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 16.6 *Waiver*. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

Section 16.7 *Third-Party Beneficiaries*. Each Partner agrees that (a) any Indemnitee shall be entitled to assert rights and remedies hereunder as a third-party beneficiary hereto with respect to those provisions of this Agreement affording a right, benefit or privilege to such Indemnitee and (b) any Unrestricted Person shall be entitled to assert rights and remedies hereunder as a third-party beneficiary hereto with respect to those provisions of this Agreement affording a right, benefit or privilege to such Unrestricted Person.

Section 16.8 *Counterparts*. This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto or, in the case of a Person acquiring a Limited Partner Interest, pursuant to Section 10.1(a) without execution hereof.

Section 16.9 *Applicable Law; Forum, Venue and Jurisdiction; Waiver of Trial by Jury.*

(a) This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

(b) Each of the Partners and each Person holding any beneficial interest in the Partnership (whether through a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing or otherwise):

(i) irrevocably agrees that any claims, suits, actions or proceedings (A) arising out of or relating in any way to this Agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of this Agreement or the duties, obligations or liabilities among Partners or of Partners to the Partnership, or the rights or powers of, or restrictions on, the Partners or the Partnership), (B) brought in a derivative manner on behalf of the Partnership, (C) asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Partnership or the General Partner, or owed by the General Partner, to the Partnership or the Partners, (D) asserting a claim arising pursuant to any provision of the Delaware Act or (E) asserting a claim governed by the internal affairs doctrine shall be exclusively brought in the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction), in each case regardless of whether such claims, suits, actions or proceedings sound in contract, tort, fraud or otherwise, are based on common law, statutory, equitable, legal or other grounds, or are derivative or direct claims;

(ii) irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction) in connection with any such claim, suit, action or proceeding;

(iii) agrees not to, and waives any right to, assert in any such claim, suit, action or proceeding that (A) it is not personally subject to the jurisdiction of the Court of Chancery of the State of Delaware or of any other court to which proceedings in the Court of Chancery of the State of Delaware may be appealed, (B) such claim, suit, action or proceeding is brought in an inconvenient forum, or (C) the venue of such claim, suit, action or proceeding is improper;

(iv) expressly waives any requirement for the posting of a bond by a party bringing such claim, suit, action or proceeding; and

(v) consents to process being served in any such claim, suit, action or proceeding by mailing, certified mail, return receipt requested, a copy thereof to such party at the address in effect for notices hereunder, and agrees that such services shall constitute good and sufficient service of process and notice thereof; provided, nothing in clause (v) hereof shall affect or limit any right to serve process in any other manner permitted by law.

Section 16.10 *Invalidity of Provisions*. If any provision or part of a provision of this Agreement is or becomes for any reason, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions and/or parts thereof contained herein shall not be affected thereby and this Agreement shall, to the fullest extent permitted by law, be reformed and construed as if such invalid, illegal or unenforceable provision, or part of a provision, had never been contained herein, and such provision or part reformed so that it would be valid, legal and enforceable to the maximum extent possible.

Section 16.11 *Consent of Partners*. Each Partner hereby expressly consents and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote or consent of less than all of the Partners, such action may be so taken upon the concurrence of less than all of the Partners and each Partner shall be bound by the results of such action.

Section 16.12 *Facsimile Signatures*. The use of facsimile signatures affixed in the name and on behalf of the transfer agent and registrar of the Partnership on Certificates representing Units is expressly permitted by this Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

SUNOCO GP LLC

By: __
Name: Dylan A. Bramhall
Title: Chief Financial Officer

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

DESCRIPTION OF COMMON UNITS

The following description of our common units is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Second Amended and Restated Certificate of Limited Partnership (the "certificate of limited partnership"), and our Second Amended and Restated Agreement of Limited Partnership, as amended (the "partnership agreement"), which are incorporated by reference or filed as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.28 is a part. We encourage you to read our Certificate of Limited Partnership, our partnership agreement and the applicable provisions of the Delaware Revised Uniform Limited Partnership Act for additional information.

The Common Units

The common units represent limited partner interests in Sunoco LP. The holders of common units are entitled to participate in partnership distributions and exercise the rights and privileges available to limited partners under our partnership agreement.

Our common units are listed on the New York Stock Exchange under the symbol "SUN."

Voting Rights

The holders of the outstanding common units are entitled to one vote per unit on all matters voted on by unitholders.

Liquidation Rights

Subject to the preferential rights holder of Class C units, in the event of a liquidation, dissolution or winding up of the Partnership, the holders of Common Units are entitled to receive distributions of the assets remaining after satisfaction of all discharge liabilities in accordance with, and to the extent of, the positive balances in their respective capital accounts.

Transfer Agent and Registrar

Duties

Computershare Trust Company, N.A. serves as registrar and transfer agent for our common units. We pay all fees charged by the transfer agent for transfers of common units except the following that must be paid by our unitholders:

- surety bond premiums to replace lost or stolen certificates or to cover taxes and other governmental charges;
- special charges for services requested by a common unitholder; and
- other similar fees or charges.

There is no charge to our unitholders for disbursements of our cash distributions. We indemnify the transfer agent, its agents and each of their respective stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for their activities in that capacity, except for any liability due to any gross negligence or intentional misconduct of the indemnified person or entity.

Resignation or Removal

The transfer agent may resign by notice to us or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If no successor has been appointed and has accepted the appointment within 30 days after notice of the resignation or removal, our general partner may act as the transfer agent and registrar until a successor is appointed.

Transfer of Common Units

Common units are securities and are transferable according to the laws governing transfers of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a substituted limited partner in our partnership for the transferred common units.

Upon a transfer of common units in accordance with our partnership agreement, each transferee of common units will be admitted as a limited partner with respect to the common units transferred when such transfer and admission is reflected in our books and records. Until a common unit has been transferred on our books, we and the transfer agent may treat the record holder of the common unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations. Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly. Each transferee:

- represents that the transferee has the capacity, power and authority to become bound by our partnership agreement;
- automatically agrees to be bound by the terms and conditions of, and is deemed to have executed, our partnership agreement; and
- gives the consents, waivers and approvals contained in our partnership agreement.

We may, at our discretion, treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

OUR CASH DISTRIBUTION POLICY

Our partnership agreement requires that, within 60 days after the end of each quarter, we will distribute all of our available cash to unitholders of record on the applicable record date.

Definition of Available Cash

Available cash, for any quarter, generally consists of all cash and cash equivalents on hand at the end of that quarter:

- less, the amount of cash reserves that our general partner establishes to:
- provide for the proper conduct of our business;
- comply with applicable law, any of our debt instruments or other agreements or any other obligation; or
- provide funds for distributions to our unitholders for any one or more of the next four quarters;
- plus, if our general partner so determines on the date of determination, all or any portion of the cash on hand immediately prior to the date of distribution of available cash for the quarter, including cash on hand resulting from working capital borrowings made after the end of the quarter.

The purpose and effect of the last bullet point above is to allow our general partner, if it so decides, to use cash received by us after the end of the quarter but on or before the date of distribution of available cash for that quarter, including cash on hand resulting from working capital borrowings made after the end of the quarter, to pay distributions to unitholders. Under our partnership agreement, working capital borrowings are borrowings that are made under a credit agreement, commercial paper facility or similar financing arrangement with the intent to repay such borrowings within twelve months from sources other than additional working capital borrowings, and that are used solely for working capital purposes or to pay distributions to partners.

Operating Surplus and Capital Surplus

All cash distributed to our unitholders is characterized as being paid from either "operating surplus" or "capital surplus." We distribute available cash from operating surplus differently than available cash from capital surplus. Operating surplus distributions will be made to our unitholders and, if we make quarterly distributions above the first target distribution level described below, to the holder of our incentive distribution rights ("IDRs"). We do not anticipate that we will make any distributions from capital surplus. In such an event, however, any capital surplus distribution would generally be made first to the holders of Class C units, pro rata, of the amount of accrued and unpaid distributions, and then pro rata to all unitholders.

Definition of Operating Surplus

Operating surplus for any period generally means:

- $25.0 million (as described below); plus
- all of our cash receipts, excluding cash from interim capital transactions (as defined below), provided that cash receipts from the termination of any hedge contract prior to its stipulated settlement or termination date will be included in equal quarterly installments over the remaining scheduled life of such hedge contract had it not been terminated; plus
- working capital borrowings made after the end of a period but on or before the date of distribution of operating surplus for that period; plus
- cash distributions paid on equity issued (including incremental distributions on IDRs), to finance all or a portion of expansion capital expenditures in respect of the period from the date that we enter into a binding obligation to commence the construction, acquisition or improvement of a capital asset until the earlier to occur of the date the capital asset commences commercial service and the date that it is abandoned or disposed of; plus
- cash distributions paid on equity issued (including incremental distributions on IDRs), to pay the construction period interest on debt incurred, or to pay construction period distributions on equity issued, to finance the expansion capital expenditures referred to above, in each case, in respect of the period from the date that we enter into a binding obligation to commence the construction, acquisition or improvement of a capital asset until the earlier to occur of the date the capital asset is placed in service and the date that it is abandoned or disposed of; less
- all of our operating expenditures (as defined below); less
- the amount of cash reserves established by our general partner to provide funds for future operating expenditures; less
- all working capital borrowings not repaid within twelve months after having been incurred, or repaid within such twelve-month period with the proceeds of additional working capital borrowings; less
- any cash loss realized on the disposition of an investment capital expenditure

As described above, operating surplus does not reflect actual cash on hand that is available for distribution to our unitholders and is not limited to cash generated by our operations. For example, it includes a basket of $25.0 million that enables us, if we choose, to distribute as operating surplus up to that amount of cash we receive from non-operating sources such as asset sales, issuances of securities and long-term borrowings that would otherwise be distributed as capital surplus. In addition, the effect of including certain cash distributions on equity interests in operating surplus, as described above, will be to increase operating surplus by the amount of any such cash distributions. As a result, we may also distribute as operating surplus up to that amount of cash that we receive from non-operating sources.

The proceeds of working capital borrowings increase operating surplus and repayments of working capital borrowings are generally operating expenditures, as described below, and thus reduce operating surplus when made. However, if a working capital borrowing is not repaid during the twelve-month period following the borrowing, it will be deemed repaid at the end of such period, thus decreasing operating surplus at such time. When such working capital borrowing is in fact repaid, it will be excluded from operating expenditures because operating surplus will have been previously reduced by the deemed repayment.

We define operating expenditures as all of its cash expenditures, including, but not limited to, taxes, reimbursement of expenses to our general partner or its affiliates, payments made in the ordinary course of business under interest rate hedge agreements or commodity hedge agreements (provided that (1) payments made in connection with the initial purchase of an interest rate hedge contract or a commodity hedge contract will be amortized over the life of the applicable interest rate hedge contract or commodity hedge contract and (2) payments made in connection with the termination of any interest rate hedge contract or commodity hedge contract prior to its stipulated settlement or termination date will be included in operating expenditures in equal quarterly installments over the remaining scheduled life of such contract), compensation of officers, directors and employees of our general partner, repayment of working capital borrowings, debt service payments and maintenance capital expenditures (as discussed in further detail below), provided that operating expenditures do not include:

- repayment of working capital borrowings deducted from operating surplus pursuant to the penultimate bullet point of the definition of operating surplus above when such repayment actually occurs;
- payments (including prepayments and prepayment penalties) of principal of and premium on indebtedness other than working capital borrowings;
- expansion capital expenditures;
- investment capital expenditures;
- payment of transaction expenses relating to interim capital transactions;
- distributions to our partners (including distributions in respect of our IDRs); or
- repurchases of equity interests (other than repurchases to satisfy obligations under employee benefit plans) or reimbursements of our general partner for such purchases.

Interim Capital Transactions

We define cash from interim capital transactions to include proceeds from:

- borrowings other than working capital borrowings;
- sales of equity and debt securities; and
- sales or other dispositions of assets, other than inventory, accounts receivable and other assets sold in the ordinary course of business or assets sold or disposed of as part of normal retirement or replacement of assets.

Capital Surplus

Capital surplus is defined as any distribution of available cash in excess of operating surplus. Although the cash proceeds from interim capital transactions do not increase operating surplus, all distributions of available cash from whatever source are deemed to be from operating surplus until cumulative distributions of available cash exceed cumulative operating surplus. Thereafter, all distributions of available cash are deemed to be from capital surplus to the extent they continue to exceed cumulative operating surplus.

Characterization of Cash Distributions

We will treat all available cash distributed as coming from operating surplus until the sum of all available cash distributed since the closing of our initial public offering equals the operating surplus as of the most recent date of determination of available cash. We will treat any amount distributed in excess of operating surplus, regardless of its source, as capital surplus. As reflected above, operating surplus includes $25.0 million in addition to our cash balance on the closing date of our initial public offering, cash receipts from our operations and cash from working capital borrowings. This amount does not reflect actual cash on hand that is available for distribution to our unitholders. Rather, it is a provision that will enable us, if we choose, to distribute as operating surplus up to $25.0 million of cash we receive in the future from interim capital transactions that would otherwise be distributed as capital surplus. We do not anticipate that we will make any distributions from capital surplus.

Capital Expenditures

Maintenance capital expenditures reduce operating surplus, but expansion capital expenditures and investment capital expenditures do not. Under our partnership agreement, maintenance capital expenditures are capital expenditures made to maintain our long-term operating income or operating capacity, while expansion capital expenditures are capital expenditures that we expect will increase its operating income or operating capacity over the long term. Examples of maintenance capital expenditures include those expenditures we make to maintain existing contract volumes or renew existing distribution contracts, maintain its real estate leased to third-party dealers in leasable condition or maintain its company operated convenience stores. Maintenance capital expenditures also include interest (and related fees) on debt incurred and distributions in respect of equity issued (including incremental distributions on IDRs), other than equity issued in any offering, to finance all or any portion of the construction or development of a replacement asset that are paid in respect of the period that begins when we enter into a binding obligation to commence construction or development of a replacement asset and ending on the earlier to occur of the date that such replacement asset commences commercial service and the date that it is disposed of or abandoned. Capital expenditures made solely for investment purposes are not considered maintenance capital expenditures.

Expansion capital expenditures are capital expenditures made to increase our operating capacity over the long term. Examples of expansion capital expenditures include the acquisition of new properties or equipment, to the extent such capital expenditures are expected to expand our long-term operating capacity. Expansion capital expenditures also include interest (and related fees) on debt incurred and distributions in respect of equity issued (including incremental distributions on IDRs) to finance all or any portion of the construction of a capital improvement paid in respect of the period that commences when we enter into a binding obligation to commence construction of a capital improvement and ending on the earlier to occur of the date such capital improvement commences commercial service and the date that it is disposed of or abandoned. Capital expenditures made solely for investment purposes are not be considered expansion capital expenditures.

Investment capital expenditures are those capital expenditures that are neither maintenance capital expenditures nor expansion capital expenditures. Investment capital expenditures largely consist of capital expenditures made for investment purposes. Examples of investment capital expenditures include traditional capital expenditures for investment purposes, such as purchases of securities, as well as other capital expenditures that might be made in lieu of such traditional investment capital expenditures, such as the acquisition of a capital asset for investment purposes or the development of assets that are in excess of those needed for the maintenance of our existing operating capacity, but which are not expected to expand, for more than the short term, its operating capacity.

As described above, neither investment capital expenditures nor expansion capital expenditures are included in operating expenditures, and thus do not reduce operating surplus. Because expansion capital expenditures include interest payments (and related fees) on debt incurred to finance all or a portion of the construction, acquisition or development of a capital improvement during the period that begins when we enter into a binding obligation to commence construction, acquisition or development of a capital improvement and ending on the earlier to occur of the date such capital improvement commences commercial service and the date that it is disposed of or abandoned, such interest payments also do not reduce operating surplus. Losses on the disposition of an investment capital expenditure will reduce operating surplus when realized and cash receipts from an investment capital expenditure will be treated as a cash receipt for purposes of calculating operating surplus only to the extent the cash receipt is a return on principal.

Capital expenditures that are made in part for maintenance capital purposes, investment capital purposes and/or expansion capital purposes are allocated as maintenance capital expenditures, investment capital expenditures or expansion capital expenditure by our general partner.

Distributions of Available Cash from Operating Surplus

We will make distributions of available cash from operating surplus for any quarter in the following manner:

- first, to the holders of our Class C units to the extent of the distribution preference on the Class C units;
- second, to all of our unitholders holding common units, pro rata, until we distribute for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter; and
- thereafter, in the manner as described in the section entitled “Incentive Distribution Rights” below.

The preceding discussion is based on the assumption that we do not issue additional classes of equity interests.

Incentive Distribution Rights

IDRs represent the right to receive an increasing percentage (15.0%, 25.0% and 50.0%) of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Energy Transfer LP (“ET”) currently holds all of our IDRs, but may transfer these rights, subject to restrictions in our partnership agreement.

The following discussion assumes that ET continues to own our IDRs.

If for any quarter we have distributed available cash from operating surplus to the holders of our Class C units to the extent of their distribution preference and to our common unitholders in an amount equal to the minimum quarterly distribution then we will make distributions of available cash from operating surplus for that quarter in the following manner:

- first, to all unitholders holding common units, pro rata, until each unitholder receives a total of $0.503125 per common unit for that quarter (the “first target distribution”);
- second, 85.0% to all unitholders holding common units, pro rata, and 15.0% to ET (in its capacity as the holder of our IDRs), until each unitholder receives a total of $0.546875 per common unit for that quarter (the “second target distribution”);
- third, 75.0% to all unitholders holding common units, pro rata, and 25.0% to ET (in its capacity as the holder of our IDRs), until each unitholder receives a total of $0.65625 per common unit for that quarter (the “third target distribution”); and
- thereafter, 50.0% to all unitholders holding common units, pro rata, and 50.0% to ET (in its capacity as the holder of our IDRs).

Distributions from Capital Surplus

We will make distributions of available cash from capital surplus, if any, in the following manner once the required distributions of available cash are made to the Class C unitholders:

- first, to all unitholders holding common units, pro rata, until the minimum quarterly distribution level has been reduced to zero as described below; and
- thereafter, we will make all distributions of available cash from capital surplus as if they were from operating surplus.

The preceding paragraph assumes that we do not issue additional classes of equity interests.

Our partnership agreement treats a distribution of capital surplus as the repayment of the initial unit price from our initial public offering, which is a return of capital. The initial public offering price less any distributions of capital surplus per unit is referred to as the “unrecovered initial unit price.” Each time a distribution of capital surplus is made, the minimum quarterly distribution and the target distribution levels will be reduced in the same proportion that the distribution had to the fair market value of our common units immediately prior to the announcement of the distribution (or the average of the closing prices for the 20 consecutive trading days immediately prior to the ex-dividend date). Because distributions of capital surplus will reduce our minimum quarterly distribution and target distribution levels after any of these distributions are made, it may be easier for ET (in its capacity as the holder of our IDRs) to receive incentive distributions.

Once we distribute capital surplus on a unit in an amount equal to the initial unit price, we will reduce the minimum quarterly distribution and the target distribution levels to zero. We will then make all future distributions from operating surplus, first, to the holders of Class C units to the extent required, and then, 50% being paid to the holders of our common units and 50% to ET (in its capacity as the holder of our IDRs), assuming that ET has not transferred the IDRs.

Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels

In addition to adjusting the minimum quarterly distribution and target distribution levels to reflect a distribution of capital surplus, if we combine our units into fewer units or subdivide units into a greater number of units, we will proportionately adjust:

- the minimum quarterly distribution;
- the target distribution levels; and
- the unrecovered initial unit price.

For example, if a two-for-one split of common units should occur, the minimum quarterly distribution, the target distribution levels and the unrecovered initial unit price would each be reduced to 50% of its initial level. We will not make any adjustment by reason of the issuance of additional units for cash or property.

In addition, if legislation is enacted or if existing law is modified or interpreted by a governmental taxing authority, so that we become taxable as a corporation or otherwise subject to taxation as an entity for federal, state or local income tax purposes, it will reduce the minimum quarterly distribution and the target distribution levels for each quarter may, in the sole discretion of our general partner, be reduced by multiplying each distribution level by a fraction, the numerator of which is available cash for that quarter (reduced by the amount of the estimated tax liability for such quarter) and the denominator of which is the sum of available cash for that quarter before any adjustment for estimated taxes. To the extent that the actual tax liability differs from the estimated tax liability for any quarter, the difference will be accounted for in subsequent quarters.

Distributions of Cash Upon Liquidation

General. If we dissolve in accordance with our partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of its creditors. We will distribute any remaining proceeds to the unitholders and the holder of our IDRs, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of its assets in liquidation.

The allocations of gain and loss upon liquidation are intended, to the extent possible, to permit holders of our common units to receive their unrecovered initial unit price plus the minimum quarterly distribution for the quarter during which liquidation occurs. However, there may not be sufficient gain upon our liquidation to enable our common unitholders to fully recover all of these amounts. Any further net gain recognized upon liquidation will be allocated in a manner that takes into account the IDRs.

Manner of Adjustments for Gain. The manner of the adjustment for gain is set forth in our partnership agreement. We will generally allocate any gain to its partners in the following manner:

- first, to the holders of our Class C units, pro rata, until the capital account for each Class C unit is equal to the sum of: (1) the unrecovered initial unit price for that Class C unit; and (2) the unpaid amount of all accrued but unpaid distributions on that Class C unit;
- second, to all our common unitholders, pro rata, until the capital account for each common unit is equal to the sum of:
- the unrecovered initial unit price; and

- the unpaid amount of the minimum quarterly distribution for the quarter during which the liquidation occurs;
- third, to all our common unitholders, pro rata, until we allocate under this paragraph an amount per unit equal to:
- the excess of the first target distribution per unit over the minimum quarterly distribution per unit for each quarter of our existence; less
- the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the minimum quarterly distribution per unit for each quarter of our existence that we distributed to the unitholders, pro rata;
- fourth, 85.0% to all our common unitholders, pro rata, and 15.0% to ET (in its capacity as the holder of our IDRs), until we allocate under this paragraph an amount per unit equal to:
- the excess of the second target distribution per unit over the first target distribution per unit for each quarter of our existence; less
- the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the first target distribution per unit for each quarter of our existence that we distributed 85.0% to the unitholders, pro rata, and 15.0% to ET (in its capacity as the holder of our IDRs);
- fifth, 75.0% to all our common unitholders, pro rata, and 25.0% to ET (in its capacity as the holder of our IDRs), until we allocate under this paragraph an amount per unit equal to:
- the excess of the third target distribution per unit over the second target distribution per unit for each quarter of our existence; less
- the cumulative amount per unit of any distributions of available cash from operating surplus in excess of the second target distribution per unit for each quarter of our existence that we distributed 75.0% to the unitholders, pro rata, and 25.0% to ET (in its capacity as the holder of our IDRs); and
- thereafter, 50.0% to all our common unitholders, pro rata, and 50.0% to ET (in its capacity as the holder of our IDRs).

Notwithstanding the foregoing, if immediately prior to making allocations pursuant to the fourth, fifth and sixth clauses above, the capital account of each common unit equals or exceeds the issue price of our Class C units ($38.5856), then we will allocate 1.0% of the remaining items of gain to the holders of Class C units, pro rata.

Manner of Adjustments for Losses

We will generally allocate any loss to our unitholders in the following manner:

- first, to our common unitholders, pro rata, until the capital accounts of our common unitholders have been reduced to zero; and
- thereafter, to the holders of our Class C units, pro rata, until the capital accounts of the Class C units have been reduced to zero.

Adjustments to Capital Accounts

We will make adjustments to capital accounts upon the issuance of additional units. In doing so, we generally will allocate any unrealized and, for tax purposes, unrecognized gain resulting from the adjustments to the unitholders and the holders of our IDRs in the same manner as we allocate gain upon liquidation. By contrast to the allocations of gain, and except as provided above, we generally will allocate any unrealized and unrecognized loss resulting from the adjustments to capital accounts upon the issuance of additional units to our common unitholders based on their percentage ownership in the Partnership. In the event we make negative adjustments to the capital accounts as a result of such loss, future positive adjustments resulting from the issuance of additional units will be allocated in a manner designed to reverse the prior negative adjustments, and special allocations will be made upon liquidation in a manner that results, to the extent possible, in our common unitholders' capital account balances equaling the amounts they would have been if no earlier adjustments for loss had been made.

OUR PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of our partnership agreement.

Organization and Duration

Our partnership was organized in June 2012 and will have a perpetual existence unless terminated pursuant to the terms of our partnership agreement.

Purpose

Our purpose, as set forth in our partnership agreement, is limited to any business activity that is approved by our general partner and that lawfully may be conducted by a limited partnership organized under Delaware law.

Although our general partner has the ability to cause us and our subsidiaries to engage in activities other than the business of the wholesale distribution of motor fuels and other petroleum products and the retail sale of motor fuel and the operation of convenience stores, our general partner has no plans to do so and may decline to do so free of any fiduciary duty or obligation whatsoever to us or our limited partners, including any duty to act in good faith or in the best interests of us or our limited partners. Our general partner is generally authorized to perform all acts it determines to be necessary or appropriate to carry out our purposes and to conduct our business.

Capital Contributions

Unitholders are not obligated to make additional capital contributions, except as described below under "-Limited Liability."

Voting Rights

The following is a summary of the unitholder vote required for approval of the matters specified below. Matters that require the approval of a "unit majority" require the approval of a majority of the common units, voting as a single class.

In voting their common units, ET and their affiliates have no fiduciary duty or obligation whatsoever to us or our limited partners, including any duty to act in good faith or in the best interests of us or our limited partners.

Issuance of additional units	No approval right.
Amendment of our partnership agreement	Certain amendments may be made by our general partner without the approval of our unitholders. Other amendments generally require the approval of a unit majority.
Merger of our partnership or the sale of all or substantially all of our assets	Unit majority in certain circumstances.
Dissolution of our partnership	Unit majority in certain circumstances.
Continuation of our business upon dissolution	Unit majority.
Withdrawal of our general partner	No approval right.

Removal of our general partner	Not less than 66 2/3% of the outstanding units, voting as a single class, including units held by our general partner and its affiliates.
Transfer of our general partner interest	No approval right.
Transfer of ownership interests in our general partner	No approval right.
Transfer of incentive distribution rights	No approval right.

If any person or group other than our general partner and If any person or group other than our general partner and its affiliates acquires beneficial ownership of 20% or more of any class of units then outstanding, that person or group loses voting rights on all of its units. This loss of voting rights does not apply to any person or group that acquires the units from our general partner or its affiliates and any transferees of that person or group approved by our general partner or to any person or group who acquires the units with the specific approval of our general partner.

Applicable Law; Forum, Venue and Jurisdiction

Our partnership agreement is governed by Delaware law. Our partnership agreement requires that any claims, suits, actions or proceedings:

- arising out of or relating in any way to our partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of our partnership agreement or the duties, obligations or liabilities among our limited partners or of our limited partners to us, or the rights or powers of, or restrictions on, our limited partners or us);
- brought in a derivative manner on our behalf;
- asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of us or our general partner, or owed by our general partner, to us or the limited partners;
- asserting a claim arising pursuant to any provision of the Delaware Act; or
- asserting a claim governed by the internal affairs doctrine,

will be exclusively brought in the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction). By purchasing a common unit, a limited partner is irrevocably consenting to these limitations and provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware in connection with any such claims, suits, actions or proceedings.

Although we believe these provisions will benefit us by providing increased consistency in the application of Delaware law for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar forum selection provisions in other companies' certificates of incorporation or similar governing documents have been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could find that the forum selection provision contained in our partnership agreement is inapplicable or unenforceable in such action or actions, including with respect to claims arising under the federal securities laws. Limited partners will not be deemed, by operation of the forum selection provision alone, to have waived claims arising under the federal securities laws and the rules and regulations thereunder.

The forum selection provision is intended to apply "to the fullest extent permitted by applicable law" to the above-specified types of actions and proceedings, including, to the extent permitted by the federal securities laws, to lawsuits asserting both the above-specified claims and federal securities claims. However, application of the forum selection provision may in some instances be limited by applicable law. Section 27 of the Exchange Act provides: "The district courts of the United States ... shall have exclusive jurisdiction of violations of [the Exchange Act] or the rules and regulations thereunder, and of all suits in equity and actions at law brought to enforce any liability or duty created by [the Exchange Act] or the rules and regulations thereunder." As a result, the forum selection provision will not apply to actions arising under the Exchange Act or the rules and regulations thereunder. However, Section 22 of the Securities Act provides for concurrent federal and state court jurisdiction over actions under the Securities Act and the rules and regulations thereunder, subject to a limited exception for certain "covered class actions" as defined in Section 16 of the Securities Act and interpreted by the courts. Accordingly, we believe that the forum selection provision would apply to actions arising under the Securities Act or the rules and regulations thereunder, except to the extent a particular action fell within the exception for covered class actions.

Limited Liability

Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Act and that the limited partner otherwise acts in conformity with the provisions of the partnership agreement, the limited partner's liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital the limited partner is obligated to contribute to us for its common units plus the limited partner's share of any undistributed profits and assets. If it were determined, however, that the right, or exercise of the right, by the limited partners as a group:

- to remove or replace our general partner;
- to approve some amendments to our partnership agreement; or
- to take other action under our partnership agreement;

constituted "participation in the control" of our business for the purposes of the Delaware Act, then the limited partners could be held personally liable for our obligations under the laws of Delaware, to the same extent as the general partner. This liability would extend to persons who transact business with us who reasonably believe that the limited partner is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our general partner if a limited partner were to lose limited liability through any fault of our general partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of a claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the Partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware Act, a substituted limited partner of a limited partnership is liable for the obligations of its assignor to make contributions to the Partnership, except that such person is not obligated for liabilities unknown to such person at the time such person became a limited partner and that could not be ascertained from our partnership agreement.

Our subsidiaries currently conduct business in several states and we may have subsidiaries that conduct business in other states in the future. Maintenance of our limited liability as owner of our operating subsidiaries may require compliance with legal requirements in the jurisdictions in which the operating subsidiaries conduct business, including qualifying our subsidiaries to do business there.

Limitations on the liability of members or limited partners for the obligations of a limited liability company or limited partnership have not been clearly established in many jurisdictions. If, by virtue of our ownership interest in our subsidiaries or otherwise, it were to be determined that we were conducting business in any jurisdiction without compliance with the applicable limited partnership or limited liability company statute, or that the right, or exercise of the right, by the limited partners as a group to remove or replace our general partner, to approve some amendments to our partnership agreement, or to take other action under our partnership agreement constituted "participation in the control" of our business for purposes of the statutes of any relevant jurisdiction, then our limited partners could be held personally liable for our obligations under the law of that jurisdiction to the same extent as our general partner under the circumstances. We will operate in a manner that our general partner considers reasonable and necessary or appropriate to preserve the limited liability of our limited partners.

Issuance of Additional Partnership Interests

Our partnership agreement authorizes us to issue an unlimited number of additional partnership interests for the consideration and on the terms and conditions determined by our general partner without the approval of our unitholders.

It is possible that we will fund acquisitions through the issuance of additional common units or other partnership interests. Holders of any additional common units we issue will be entitled to share equally with the then-existing common unitholders in our distributions of available cash. In addition, the issuance of additional common units or other partnership interests may dilute the value of the interests of the then-existing common unitholders in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership interests that, as determined by our general partner, may have special voting rights to which the common units are not entitled or be senior in right of distribution to the common units. In addition, our partnership agreement does not prohibit our subsidiaries from issuing equity interests which effectively rank senior to the common units.

Our general partner has the right, which it may from time to time assign in whole or in part to any of its affiliates, to purchase common units or other partnership interests whenever, and on the same terms that, we issue partnership interests to persons other than our general partner and its affiliates, to the extent necessary to maintain the percentage interest of itself and its affiliates, including such interest represented by common units, that existed immediately prior to each issuance. The common unitholders will not have preemptive rights under our partnership agreement to acquire additional common units or other partnership interests.

On January 1, 2016, we issued an aggregate of 16,410,780 Class C units consisting of (i) 5,242,113 Class C units that were issued to Aloha Petroleum, Ltd. ("Aloha") as consideration for the contribution by Aloha to an indirect wholly owned subsidiary of the Partnership of all of Aloha's assets relating to the wholesale supply of fuel and lubricants; and (ii) 11,168,667 Class C units that were issued to indirect wholly owned subsidiaries of the Partnership in exchange for all of the outstanding Class A units held by such subsidiaries. For a complete description of our Class C units, please read our Current Report on Form 8-K filed with the SEC on January 5, 2016. As of December 31, 2024, there were 16,410,780 Class C units outstanding.

Amendment of the Partnership Agreement

General

Amendments to our partnership agreement may be proposed only by or with the consent of our general partner. Our general partner, however, will have no duty or obligation to propose any amendment and may decline to do so free of any fiduciary duty or obligation whatsoever to us or our limited partners, including any duty to act in good faith or in the best interests of us or our limited partners. In order to adopt a proposed amendment, other than the amendments discussed under "-No Unitholder Approval" below, our general partner is required to seek written approval of the holders of the number of units required to approve the amendment or to call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a unit majority.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, unless approved by at least a majority of the type or class of limited partner interests so affected; or

- enlarge the obligations of, restrict, change or modify in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our general partner or any of its affiliates without the consent of our general partner, which consent may be given or withheld at its option.

The provisions of our partnership agreement preventing the amendments having the effects described in any of the clauses above can only be amended upon the approval of the holders of at least 90% of the outstanding units voting together as a single class (including units owned by our general partner and its affiliates).

No Unitholder Approval

Our general partner may generally make amendments to our partnership agreement without the approval of any limited partner or assignee to reflect:

- a change in our name, the location of the principal place of our business, our registered agent or our registered office;
- the admission, substitution, withdrawal or removal of partners in accordance with our partnership agreement;
- a change that our general partner determines to be necessary or appropriate to qualify or continue our qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that neither we nor any of our subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes (to the extent not already treated as such);
- a change in our fiscal year or taxable year and related changes;
- an amendment that is necessary, in the opinion of our counsel, to prevent us or our general partner or its directors, officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisers Act of 1940, or “plan asset” regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed;
- an amendment that our general partner determines to be necessary or appropriate in connection with the creation, authorization or issuance of any class or series of partnership interests or rights to acquire partnership interests;
- any amendment expressly permitted in our partnership agreement to be made by our general partner acting alone;
- an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our partnership agreement;
- any amendment that our general partner determines to be necessary or appropriate to reflect and account for the formation by us of, or our investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by our partnership agreement;
- an amendment that is necessary to require the limited partners to provide a statement, certification or other proof to us regarding whether such limited partner is subject to U.S. federal income taxation on the income generated by us;
- conversions into, mergers with or conveyances to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the conversion, merger or conveyance other than those it receives by way of the conversion, merger or conveyance; or
- any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our general partner may make amendments to our partnership agreement without the approval of any limited partner or transferee in connection with a merger or consolidation approved in connection with our partnership agreement, or if our general partner determines that those amendments:

- do not adversely affect the limited partners (or any particular class of limited partners) in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;
- are necessary or appropriate to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading;
- are necessary or appropriate for any action taken by our general partner relating to splits or combinations of units under the provisions of our partnership agreement; or
- are required to effect the intent expressed in the prospectus used in our initial public offering or the intent of the provisions of our partnership agreement or are otherwise contemplated by our partnership agreement.

Opinion of Counsel and Unitholder Approval

Any amendment that would have a material adverse effect on the rights or preferences of any type or class of outstanding units in relation to other classes of units will require the approval of at least a majority of the type or class of units so affected. Any amendment that would reduce or increase the voting percentage required to take any action other than to remove our general partner or call a meeting of unitholders is required to be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced or increased.

For amendments of the type not requiring unitholder approval, our general partner will not be required to obtain an opinion of counsel that an amendment will neither result in a loss of limited liability to the limited partners nor result in our being treated as a taxable entity for U.S. federal income tax purposes in connection with any of the amendments. No other amendments to our partnership agreement will become effective without the approval of holders of at least 90% of the outstanding units, voting as a single class, unless we first obtain an opinion of counsel to the effect that the amendment will not affect the limited liability under applicable law of any of our limited partners.

Merger, Consolidation, Conversion, Sale or Other Disposition of Assets

A merger or consolidation of us requires the prior consent of our general partner. However, our general partner has no duty or obligation to consent to any merger or consolidation and may decline to do so free of any fiduciary duty or obligation whatsoever to us or our limited partners, including any duty to act in good faith or in the best interest of us or our limited partners. Our general partner may, however, consummate any merger without the prior approval of our unitholders if we are the surviving entity in the transaction, our general partner has received an opinion of counsel regarding limited liability and tax matters, the transaction would not result in an amendment to our partnership agreement (other than an amendment that our general partner could adopt without the consent of other partners), each of our partnership interests will be an identical partnership interest following the transaction and the partnership interests to be issued do not exceed 20% of our outstanding partnership interests (other than IDRs) immediately prior to the transaction.

In addition, our partnership agreement generally prohibits our general partner, without the prior approval of the holders of a unit majority, from causing us to sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination. Our general partner may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without such approval. Our general partner may also sell all or substantially all of our assets under a foreclosure or other realization upon those encumbrances without such approval. If the conditions specified in our partnership agreement are satisfied, our general partner may also convert us or any of our subsidiaries into a new limited liability entity or merge us or any of our subsidiaries into, or convey all of our assets to, a newly formed limited liability entity that has no assets, liabilities or operations, if the sole purpose of that conversion, merger or conveyance is to effect a mere change in our legal form into another limited liability entity, our general partner has received an opinion of counsel regarding limited liability and tax matters and the governing instruments of the new entity provide the limited partners and our general partner with substantially the same rights and obligations as those contained in our partnership agreement. Our unitholders are not entitled to dissenters' rights of appraisal under our partnership agreement or applicable Delaware law in the event of a conversion, merger or consolidation, a sale of substantially all of our assets or any other similar transaction or event.

Dissolution

We will continue as a limited partnership until dissolved under our partnership agreement. We will dissolve upon:

- the election of our general partner to dissolve us, if approved by the holders of a unit majority;
- there being no limited partners, unless we are continued without dissolution in accordance with applicable Delaware law;
- the entry of a decree of judicial dissolution of our partnership pursuant to the provisions of the Delaware Act; or
- the withdrawal or removal of our general partner or any other event that results in its ceasing to be our general partner other than by reason of a transfer of its non-economic general partner interest in accordance with our partnership agreement or withdrawal or removal following approval and admission of a successor.

Upon a dissolution under the last clause above, the holders of a unit majority, may also elect, within specific time limitations, to reconstitute us and continue our business on the same terms and conditions described in our partnership agreement by appointing as successor general partner an entity approved by the holders of units representing a unit majority, subject to our receipt of an opinion of counsel to the effect that:

- the action would not result in the loss of limited liability under the Delaware Act of any limited partner; and
- neither our partnership, the reconstituted limited partnership, our operating company nor any of our other subsidiaries would be treated as an association taxable as a corporation or otherwise be taxable as an entity for U.S. federal income tax purposes (to the extent not already so treated or taxed) upon the exercise of that right to continue.

Liquidation and Distribution of Proceeds

Upon our dissolution, unless our business is continued, the liquidator authorized to wind up our affairs will, acting with all of the powers of our general partner that are necessary or appropriate to liquidate our assets and apply the proceeds of the liquidation as described in "Our Cash Distribution Policy-Distributions of Cash Upon Liquidation." The liquidator may defer liquidation or distribution of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to our partners.

Withdrawal or Removal of Our General Partner

Our general partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days' advance notice, and that withdrawal will not constitute a violation of our partnership agreement. In addition, our partnership agreement permits our general partner in some instances to sell or otherwise transfer all of its non-economic general partner interest in us without the approval of the unitholders. Please read "-Transfer of General Partner Interest."

Upon withdrawal of our general partner under any circumstances, other than as a result of a transfer by our general partner of all or a part of its non-economic general partner interest in us, the holders of a unit majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, we will be dissolved, wound up and liquidated, unless within a specified period after that withdrawal, the holders of a unit majority agree in writing to continue our business and to appoint a successor general partner. Please read “-Dissolution.”

Our general partner may not be removed unless that removal is approved by the vote of the holders of not less than 66 2/3% of the outstanding units, voting together as a single class, including units held by our general partner and its affiliates, and we receive an opinion of counsel regarding limited liability and tax matters. Any removal of our general partner is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding common units, voting as separate classes. The ownership of more than 33 1/3% of the outstanding units by our general partner and its affiliates would give them the practical ability to prevent our general partner’s removal.

In the event of the removal of our general partner under circumstances where cause exists or withdrawal of our general partner where that withdrawal violates our partnership agreement, a successor general partner will have the option to purchase the general partner interest of the departing general partner and the IDRs of its affiliates for a cash payment equal to the fair market value of those interests. Under all other circumstances where our general partner withdraws or is removed by the limited partners, the departing general partner will have the option to require the successor general partner to purchase the general partner interest of the departing general partner and the IDRs of its affiliates for fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached within 30 days after the effective date of the departing general partner’s withdrawal or removal, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. If the departing general partner and the successor general partner cannot agree upon an expert within 45 days after the withdrawal or removal, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner’s general partner interest and its IDRs will automatically convert into common units with a value equal to the fair market value of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

In addition, we will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred for the termination of any employees employed by the departing general partner or its affiliates for our benefit.

Transfer of General Partner Interest

Our general partner may at its option transfer all or any part of its general partner interest without approval from the unitholders, so long as:

- the transferee agrees to assume the rights and duties of our general partner under our partnership agreement and agrees to be bound by the provisions of our partnership agreement;
- we receive an opinion of counsel that such transfer would not result in the loss of limited liability under the Delaware Act of any unitholders or cause us to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for U.S. federal income tax purposes (to the extent not already so treated or taxed); and
- such transferee also agrees to purchase all (or the appropriate portion thereof, if applicable) of the partnership or membership interest held by our general partner as the general partner or managing member, if any, of any of our subsidiaries.

In the case of a transfer of the general partner interest, the transferee or successor will be subject to compliance with the terms of our partnership agreement and will be admitted as our general partner effective immediately prior to the transfer of the general partner interest.

Our general partner and its affiliates, including ET, may, at any time, transfer common units or IDRs to one or more persons, without unitholder approval.

Transfer of Ownership Interests in Our General Partner

At any time, the owner of our general partner, may sell or transfer all or part of its ownership interest in our general partner to an affiliate or third party without the approval of our unitholders.

Change of Management Provisions

Our partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove Sunoco GP LLC as our general partner or from otherwise changing our management. Please read “-Withdrawal or Removal of Our General Partner” for a discussion of certain consequences of the removal of our general partner. If any person or group, other than our general partner and its affiliates, acquires beneficial ownership of 20% or more of any class of partnership interests, that person or group loses voting rights on all of such person’s or group’s partnership interests. This loss of voting rights does not apply in certain circumstances. Please read “-Meetings; Voting.”

Limited Call Right

If at any time our general partner and its affiliates own more than 80% of the then-issued and outstanding limited partner interests of any class, our general partner will have the right, which it may assign in whole or in part to any of its affiliates or to us, to acquire all, but not less than all, of the limited partner interests of such class held by unaffiliated persons as of a record date to be selected by our general partner, on at least 10 but not more than 60 days’ notice. The purchase price in the event of such a purchase is the greater of:

- the highest cash price paid by either of our general partner or any of its affiliates for any limited partner interests of such class purchased within the 90 days preceding the date on which our general partner first mails notice of its election to purchase those limited partner interests; and
- the average of the daily closing prices per limited partner interest of such class for the 20 consecutive trading days immediately preceding the date three days before the date the notice is mailed.

As a result of our general partner’s right to purchase outstanding limited partner interests, a holder of limited partner interests may have his limited partner interests purchased at an undesirable time or price. The tax consequences to a unitholder of the exercise of this call right are the same as a sale by that unitholder of his common units in the market.

Non-Taxpaying Holders; Redemption

To avoid any adverse effect on the maximum applicable rates chargeable to customers by us or any of our future subsidiaries, or in order to reverse an adverse determination that has occurred regarding such maximum rate, our partnership agreement provides our general partner the power to amend the agreement. If our general partner, with the advice of counsel, determines that our not being treated as an association taxable as a corporation or otherwise taxable as an entity for U.S. federal income tax purposes, coupled with the tax status (or lack of proof thereof) of one or more of our limited partners, has, or is reasonably likely to have, a material adverse effect on the maximum applicable rates chargeable to customers by our subsidiaries, then our general partner may adopt such amendments to our partnership agreement as it determines necessary or advisable to:

- obtain proof of the U.S. federal income tax status of our limited partners (and their owners, to the extent relevant); and
- permit us to redeem the units held by any person whose tax status has or is reasonably likely to have a material adverse effect on the maximum applicable rates or who fails to comply with the procedures instituted by our general partner to obtain proof of the U.S. federal income tax status. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption.

Non-Citizen Assignees; Redemption

If our general partner, with the advice of counsel, determines we are subject to U.S. federal, state or local laws or regulations that, in the reasonable determination of our general partner, create a substantial risk of cancellation or forfeiture of any property that we have an interest in because of the nationality, citizenship or other related status of any limited partner, then our general partner may adopt such amendments to our partnership agreement as it determines necessary or advisable to:

- obtain proof of the nationality, citizenship or other related status of our limited partners (and their owners, to the extent relevant); and
- permit us to redeem the units held by any person whose nationality, citizenship or other related status creates substantial risk of cancellation or forfeiture of any property or who fails to comply with the procedures instituted by our general partner to obtain proof of the nationality, citizenship or other related status. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption.

Meetings; Voting

Except as described below regarding certain persons or groups owning 20% or more of any class of partnership interests then outstanding and, except for Class C units, record holders of limited partner interests on the record date are entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters for which approvals may be solicited.

Our general partner does not anticipate that any meeting of our unitholders will be called in the foreseeable future. Any action that is required or permitted to be taken by the unitholders may be taken either at a meeting of the unitholders or without a meeting if consents in writing describing the action so taken are signed by holders of the number of units necessary to authorize or take that action at a meeting. Meetings of the unitholders may be called by our general partner or by unitholders owning at least 20% of the outstanding units of the class for which a meeting is proposed. Unitholders may vote either in person or by proxy at meetings. The holders of a majority of the outstanding units of the class or classes for which a meeting has been called, represented in person or by proxy, will constitute a quorum, unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum will be the greater percentage.

Each record holder of a unit has a vote according to his percentage interest in us (excluding Class C unitholders), although additional limited partner interests having special voting rights could be issued. Please read "-Issuance of Additional Partnership Interests." However, if at any time any person or group, other than our general partner and its affiliates, a direct transferee of our general partner or its affiliates or a purchaser specifically approved by our general partner, acquires, in the aggregate, beneficial ownership of 20% or more of any class of partnership interests then outstanding, that person or group will lose voting rights on all of its partnership interests and the partnership interests may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes. Common units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Any notice, demand, request, report or proxy material required or permitted to be given or made to record common unitholders under our partnership agreement will be delivered to the record holder by us or by the transfer agent.

Status as Limited Partner

By the transfer of common units in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission is reflected in our books and records. Except as described under "- Limited Liability," the common units will be fully paid, and unitholders will not be required to make additional contributions.

Indemnification

Under our partnership agreement, in most circumstances, we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar liabilities:

- our general partner;
- any departing general partner;
- any person who is or was an affiliate of our general partner or any departing general partner;
- any person who is or was a manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of our partnership, our subsidiaries, our general partner, any departing general partner or any of their affiliates;
- any person who is or was serving at the request of our general partner, any departing general partner or any of their affiliates as an officer, director, manager, managing member, general partner, employee, agent, fiduciary or trustee of another person owing a fiduciary duty to us or our subsidiaries;
- any person who controls our general partner or any departing general partner; and
- any person designated by our general partner.

Any indemnification under these provisions will only be out of our assets. Unless our general partner otherwise agrees, it will not be personally liable for, or have any obligation to contribute or lend funds or assets to us to enable us to effectuate, indemnification. We may purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against such liabilities under our partnership agreement.

Reimbursement of Expenses

Our partnership agreement requires us to reimburse our general partner for all direct and indirect expenses it incurs or payments it makes on our behalf and all other expenses allocable to us or otherwise incurred by our general partner in connection with operating our business. These expenses will include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our general partner is entitled to determine the expenses that are allocable to us. Our partnership agreement does not limit the amount of expenses for which our general partner and its affiliates may be reimbursed.

Books and Reports

Our general partner is required to keep appropriate books of our business at our principal offices. The books will be maintained for both tax and financial reporting purposes on an accrual basis. For tax and financial reporting purposes, our fiscal year is the calendar year.

We furnish or make available to record holders of our units or other partnership interests, within 105 days after the close of each fiscal year, an annual report containing audited financial statements and a report on those financial statements by our independent registered public accounting firm. Except for our fourth quarter, we also furnish or make available unaudited financial information within 50 days after the close of each quarter. We are deemed to have made any such report available if we file such report with the SEC on EDGAR or make the report available on a publicly available website which we maintain.

We furnish each record holder of a unit with information reasonably required for U.S. federal, state and local tax reporting purposes within 90 days after the close of each calendar year. This information is expected to be furnished in summary form so that some complex calculations normally required of partners can be avoided. Our ability to furnish this summary information to our unitholders depends on their cooperation in supplying us with specific information. Every unitholder will receive information to assist him in determining his U.S. federal and state tax liability and in filing his U.S. federal and state income tax returns, regardless of whether he supplies us with the necessary information.

Right to Inspect Our Books and Records

Our partnership agreement provides that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable written demand stating the purpose of such demand and at his own expense, have furnished to him:

- true and full information regarding the status of our business and financial condition (provided that obligation shall be satisfied to the extent the limited partner is furnished our most recent annual report and any subsequent quarterly or periodic reports required to be filed (or which would be required to be filed) with the SEC pursuant to Section 13 of the Exchange Act);
- a current list of the name and last known address of each record holder; and
- a copy of our partnership agreement, our certificate of limited partnership and all amendments thereto, together with copies of the executed copies of all powers of attorney under which they have been executed.

Our general partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which our general partner believes is not in our best interests, could damage us or our business or that we are required by law or by agreements with third parties to keep confidential.

Registration Rights

Under our partnership agreement, we have agreed to register for resale under the Securities Act and applicable state securities laws any common units or other limited partner interests proposed to be sold by our general partner or any of its affiliates, including ET or their assignees, if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of our general partner. We are obligated to pay all expenses incidental to the registration, excluding underwriting discounts.

SUNOCO LP

LONG-TERM CASH RESTRICTED UNIT PLAN

(Effective as of December 5, 2024)

ARTICLE I
Purpose of the Plan

The Sunoco LP Long-term Cash Restricted Unit Plan (the "Plan") has been adopted by Board of Directors (the "Board") of Sunoco GP LLC (the "Company" or "General Partner"), the general partner of Sunoco LP (the "Partnership") as of December 5, 2024. The Plan is intended to promote the interests of the Partnership by providing to Employees and Directors incentive compensation awards based on the value of Partnership Common Units to encourage superior performance. The Plan is also contemplated to enhance the ability of the Partnership and its Affiliates to attract and retain the services of individuals who are essential for the growth and profitability of the Partnership and to encourage them to devote their best efforts to advancing the business of the Partnership.

ARTICLE II
Definitions

As used in this Plan, the following terms shall have the meanings herein specified:

2.1 Affiliate means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

2.2 Award or Awards means a Cash Unit Award(s) granted under the Plan.

2.3 Award Agreement means the written or electronic agreement delivered to a Participant by which an Award is evidenced.

2.4 Cash Unit means a notional unit granted under the Plan that upon vesting entitles the Participant to receive an amount of cash equal to the Fair Market Value of a Common Unit as of the vesting date.

2.5 Cash Unit Account means, with respect to any Participant, the total amount of the liability for payment of incentive compensation to the Participant under this Plan.

2.6 Change in Control means, and shall be deemed to have occurred upon one or more of the following events:

(a) any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Exchange Act, other than an Affiliate of the Company, shall become the beneficial owner, by way of merger, consolidation, recapitalization, reorganization or otherwise, of 50% or more of the combined voting power of the equity interests in the Company;

(b) the members of the Company approve, in one or a series of transactions, a plan of complete liquidation of the Company;

(c) the sale or other disposition by the Company of all or substantially all of its assets in one or more transactions to any Person other than the Company or an Affiliate of the Company; or

(d) a Person other than the Company or an Affiliate of the Company becomes the general partner of the Partnership.

2.7 Committee means the Compensation Committee of the Board or such other committee as may be appointed by the Board to administer the Plan.

2.8 Common Unit means a Common Unit representing a limited partner interest in the Partnership.

2.9 Company or General Partner means Sunoco GP LLC, a Delaware limited liability company and the general partner of the Partnership. The term “General Partner” shall include any successor to Sunoco GP LLC, any subsidiary or affiliate thereof that has adopted the Plan, or any entity succeeding to the business of Sunoco GP LLC, or any subsidiary or affiliate, by merger, consolidation, liquidation, or purchase of assets or equity, or similar transaction.

2.10 Director means a member of the Board of the General Partner.

2.11 Disability means, unless provided otherwise in the Award grant agreement, an illness or injury that lasts at least six continuous months, is expected to be permanent and renders the Participant unable to carry out his or her duties to the Company, the Partnership or an Affiliate of the Company or the Partnership.

2.12 Employee means an employee of the Partnership, the Company, a Subsidiary or an Affiliate of the Partnership, the Company or a Subsidiary.

2.13 Exchange Act means the Securities Exchange Act of 1934, as amended.

2.14 Fair Market Value means the average closing price of a Common Unit on the principal national securities exchange (or other market in which trading in Common Units occurs) for the ten (10) trading days immediately preceding the applicable date, as reported in The Wall Street Journal (or other reporting service approved by the Committee). If Common Units are not traded on a national securities exchange or other market at the time a determination of fair market value is required to be made hereunder, the determination of fair market value shall be made in good faith by the Committee.

2.15 Participant means an Employee or Director granted an Award under the Plan.

2.16 Person means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, governmental agency or political subdivision thereof or other entity.

2.17 Section 409A means Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or guidance that may be amended or issued following the adoption of this Plan.

2.18 Subsidiary means any entity (i) in which, at the relevant time, the Partnership or the Company owns or controls, directly or indirectly, not less than 50% of the total combined voting power represented by all classes of equity interests issued by such entity, (ii) as to which, at the relevant time, the Partnership or the Company has the right, directly or indirectly, to appoint or designate, either independently or jointly with another Person, 50% or more of the members of the board of directors or (iii) as to which at the relevant time, the Partnership or the Company, directly or indirectly, (A) owns or controls, directly or indirectly, not less than 50% of the total combined voting power represented by classes of equity interests issued by the general partner or managing member of such entity or (B) has the right, directly or indirectly, to appoint or designate, either independently or jointly with another Person, 50% or more of the members of the board of directors of the general partner or managing member thereof.

ARTICLE III
Purpose and Effectiveness of Plan; Administration and Eligibility

3.1 Effectiveness. This Plan shall become effective upon approval by the Board. All awards made by the Committee under this Plan shall remain in effect until such awards have been satisfied or terminated in accordance with the Plan and the terms of such awards.

3.2 Eligibility for Participation. The Committee will have the authority, in its sole discretion, and from time to time, to designate the Participants in the Plan. Any Employee or Director shall be eligible to be designated a Participant by the Committee and receive an Award under the Plan.

3.3 Administration of the Plan. The Plan shall be administered by the Committee. A majority of the Committee shall constitute a quorum, and the acts of the members of the Committee who are present at any meeting thereof at which a quorum is present, or acts unanimously approved by the members of the Committee in writing, shall be the acts of the Committee. Subject to the following and applicable law, the Committee, in its sole discretion, may delegate any or all of its powers and duties under the Plan, including the power to grant Awards under the Plan, to the Chief Executive Officer and/or the Chief Human Resources Officer of the General Partner, subject to such limitations on such delegated powers and duties as the Committee may impose, if any. Upon any such delegation, all references in the Plan to the "Committee", other than in Section 3.4, shall be deemed to include the Chief Executive Officer and/or the Chief Human Resources Officer. Notwithstanding the foregoing, the Chief Executive Officer nor the Chief Human Resources Officer may not grant Awards to, or take any action with respect to any Award previously granted to, a person who is an officer or director subject to Rule 16b-3. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the number of Cash Units to be covered by Awards; (iii) determine the terms and conditions of any Award; (iv) determine whether, to what extent, and under what circumstances Awards may be settled, exercised, canceled, or forfeited; (v) interpret and administer the Plan and any instrument or agreement relating to an Award made under the Plan; (vi) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (vii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or an Award Agreement in such manner and to such extent as the Committee deems necessary or appropriate. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including any member of the Partnership, any Participant, and any beneficiary of any Award.

3.4 Termination and Amendment. Except to the extent prohibited by applicable law:

(a) Amendments to the Plan. Except as required by the rules of the principal securities exchange on which the Common Units are traded and subject to Section 3.4(b) below, the Board or the Committee may amend, alter, suspend, discontinue, or terminate the Plan in any manner or at any time without the consent of any Participant, other holder or beneficiary of an Award, or any other Person.

(b) Amendments to Awards. Subject to Section 3.4(a), the Committee may waive any conditions or rights under, amend any terms of, or alter any Award theretofore granted, provided no change, other than pursuant to Section 3.4(c), in any Award shall materially reduce the rights or benefits of a Participant with respect to an Award without the consent of such Participant.

(c) Actions Upon the Occurrence of Certain Events. Upon the occurrence of a Change of Control, any change in applicable law or regulation affecting the Plan or Awards thereunder, or any change in accounting principles affecting the financial statements of the Company or the Partnership, the Committee, in its sole discretion, without the consent of any Participant or holder of the Award, and on such terms and conditions as it deems appropriate, may take any one or more of the following actions in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or an outstanding Award:

(1) provide for the acceleration of vesting of the Participant's Award and its termination in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the vesting of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of such transaction or event that the Committee determines in good faith that no amount would have been attained upon the vesting of such Award or realization of the Participant's rights, then such Award may be terminated by the Committee without payment);

(2) provide that such Award be assumed by a successor or survivor entity, or a parent or subsidiary thereof, or be exchanged for similar rights or awards covering the equity of a successor or survivor, or a parent or subsidiary thereof, with appropriate adjustments as to the underling equity interests and prices used to determine the value of the Award;

(3) make adjustments in the number of Cash Units subject to outstanding Awards, and in the number and kind of outstanding Awards or in the terms and conditions of, and the vesting and criteria included in, outstanding Awards, or both;

(4) provide that such Award shall be payable immediately, notwithstanding anything to the contrary in the Plan or the applicable Award Agreement; and

(5) provide that the Award will not become payable after such event, i.e., shall terminate upon such event, with or without consideration being paid to the Participant.

ARTICLE IV
Cash Units

4.1 Types of Awards Under the Plan. Awards under the Plan will be in the form of Cash Units, as described in this Article IV. There are no limits to the number of Cash Units that may be granted pursuant to this Plan.

4.2 Award of Cash Units. From time to time, and subject to the provisions of the Plan, the Committee may cause to be credited to a Participant's Cash Unit Account certain amounts, subject to a risk of forfeiture by the Participant, in the form of Cash Units. The date Cash Units are granted shall mean the date selected by the Committee as of which the Committee allots a specific number of Cash Units to a Participant pursuant to the Plan. The Cash Units granted under the Plan shall be evidenced by written certificate (substantially in the form attached hereto as "Exhibit A") stating the number of Cash Units evidenced thereby, or in such form and as the Committee may from time to time determine.

4.3 No Distribution Rights or Equivalents. No Participant under this Plan will be entitled to receive any payment of distributions or distribution equivalents, or interest or interest equivalents, on any Cash Units held in such Participant's Cash Unit Account.

4.4 Vesting. Unless otherwise set forth in an individual Award Agreement, each grant of Cash Units to a Participant shall vest one-third on the first December 5th after the effective date of the Award, one-third on the second December 5th after the effective date of the Award, and one-third on the third December 5th after the effective date of the Award.

4.5 Payment of Award.

(a) Timing. Payment in respect of Cash Units earned will be made to the holder thereof within seventy-five (75) calendar after the applicable vesting date for such Cash Units, but only to the extent that the Committee determines that the Participant remains an Employee or Director as of such applicable vesting date.

(b) Form and Amount of Payment. Payment for Cash Units earned will be made only in cash, and in an amount equal to the Fair Market Value on the vesting date of the number of vesting Cash Units held on the vesting date in such Participant's Cash Unit Account, less applicable federal, state and local withholding taxes due.

4.6 Death or Disability

(a) In the event of the death or Disability of a Participant occurs while the Participant is still an Employee or Director and has Awards outstanding at the time of the Participant's death or Disability, the Participant or the Participant's beneficiary will be paid an amount in cash in full settlement of the Participant's Cash Units outstanding (vested or unvested), less any applicable federal, state and local withholding taxes, as a result of death or the Participant's Disability, no later than seventy-five (75) calendar days following the date of the Participant's death or the date of the determination of the Participant's Disability. The amount payable under this Section 4.6 shall be equal to the Fair Market Value of the number of Cash Units held on the date the Participant became Disabled or died, as applicable.

(b) In the event of the death of a Participant, distribution shall be made to the surviving spouse of a deceased Participant, or, if there is no surviving spouse, the children of the Participant in equal shares (the share of any child who predeceases the Participant to go in equal shares to the issue of such deceased child), or if there is no surviving spouse, child, or issue of such children, the estate of the Participant.

4.7 Termination of Employment. Except as provided in Sections 4.6 and 4.8, as set forth in an Award Agreement, or as otherwise determined by the Committee, all unvested Cash Units of a Participant under the Plan will be immediately and fully forfeited upon termination of the Participant's employment or service with the Partnership, and in such event the Participant shall not be entitled to receive any payment with respect to unvested Cash Units held in the Participant's Cash Unit Account. Vested Cash Units that have not yet been settled shall be paid in accordance with Section 4.5 above.

4.8 Change of Control. If the Committee elects to accelerate the vesting of a Participant's Cash Units upon the occurrence of a Change in Control as provided in Section 3.4(c), the Participant will be paid an amount in cash in full settlement of the Participant's Cash Units outstanding immediately before the Change in Control equal to the number of such Cash Units credited to such Participant's Cash Unit Account immediately before the Change in Control. The cash payment will be made to the Participant no later than the thirty-second (32nd) calendar day immediately following the date of occurrence of such Change in Control, less any applicable federal, state and local withholding taxes, provided that the Participant served as an Employee or Director immediately before the Change in Control. Contemporaneously with the granting of any Cash Units hereunder, the Committee may establish other conditions which must be met for payout to occur. These conditions will be set forth in the Award Agreement evidencing the grant of such Cash Units.

ARTICLE V
General Provisions

5.1 No Rights to Award. No Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants. The terms and conditions of Awards need not be the same with respect to each recipient.

5.2 Tax Withholding. Unless other arrangements have been made that are acceptable to the Committee, the Partnership is authorized to withhold from any Award, from any payment due or transfer made under any Award or from any compensation or other amount owing to a Participant the amount of any applicable taxes payable in respect of the grant of an Award or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Committee to satisfy the withholding obligations for the payment of such taxes.

5.3 No Right to Employment or Services. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ or service of the Partnership, continue consulting services or to remain on the Board, as applicable. Furthermore, the Partnership may at any time dismiss a Participant from employment or service free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan, any Award agreement or other agreement.

5.4 Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware without regard to its conflicts of laws principles provided for thereunder.

5.5 Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable law or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

5.6 Other Laws. The Committee may refuse to issue or pay out any Cash Units or other consideration under an Award if, in its sole discretion, it determines that the issuance or transfer of such Cash Units or such other consideration might violate any applicable law or regulation, the rules of the principal securities exchange on which the Common Units are then traded, or entitle the Partnership or an Affiliate to recover the same under Section 16(b) of the Exchange Act.

5.7 No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between any member of the Partnership and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from any member of the Partnership pursuant to an Award, such right shall be no greater than the right of any general unsecured creditor of that entity.

5.8 No Fractional Cash Units. No fractional Cash Units shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Cash Units or whether such fractional Cash Units or any rights thereto shall be canceled, terminated, or otherwise eliminated.

5.9 Successors and Assigns. This Plan shall be binding upon, and inure to the benefit of the General Partner, the Partnership and either of its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the General Partner or the Partnership's assets and business. Unless otherwise provided by the Committee: (a) no part of an Award shall be assignable or transferable by the Participant, except by will or the laws of descent and distribution; and (b) during the Participant's life, an Award shall be payable only to Participant, or Participant's guardian or legal representative.

5.10 Section 409A. To the maximum extent permitted under applicable law, payments under the Plan are intended to be exempt from the application of Section 409A on the basis that they qualify as "short term deferrals" under Section 409A and the Committee intends to interpret and apply the Plan in a manner that is consistent with this intention. To the extent that Section 409A does apply to payments under the Plan, (i) it is intended that such payments under the Plan will comply with Section 409A to the maximum extent possible and the Committee intends to interpret and apply the Plan in a manner that is consistent with this intention and (ii) the applicable provisions of Section 409A are hereby incorporated by reference and shall control over any Plan or Award Agreement provision in conflict within and (iii) to the extent that a Participant is a "specified employee" within the meaning of the Section 409A and that Participant receives a benefit under the Plan due to the Participant's termination of employment, no amount that constitutes a deferral of compensation which is payable on account of the Participant's separation from service shall be paid to the Participant before the date (the "Delayed Payment Date") which is first day of the seventh month after the Participant's date of termination or, if earlier, the date of the Participant's death following such date of termination. All such amounts that would, but for this Section 5.10, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date. No interest will be paid with respect to any such delayed payments. For purposes of Section 409A, each payment or amount due under the Plan shall be considered a separate payment. Participants bear exclusive responsibility for any additional taxes they may owe under Section 409A in connection with grants of Awards and payments under the Plan. For purposes of this Plan, references to a termination of employment or service shall have the same meaning as a "separation from service" pursuant to Section 409A.

5.11 Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

5.12 Facility Payment. Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Committee, is unable to manage properly his financial affairs, may be paid to the legal representative of such person, or may be applied for the benefit of such person in any manner that the Committee may select, and the General Partner and the Partnership shall be relieved of any further liability for payment of such amounts.

5.13 Gender and Number. Words in the masculine gender shall include the feminine gender, the plural shall include the singular and the singular shall include the plural.

5.14 Term of the Plan. The Plan shall be effective on the date the Plan is adopted by the Board and shall continue until the earliest of (i) the date it is terminated by the Board, or (ii) the tenth (10th) anniversary of the date the Plan is approved as provided above. However, any Award granted prior to such termination, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under such Award, shall extend beyond such termination date.

Cash Unit Award Granted Under Long-Term Cash Restricted Unit Plan

Dear #ParticipantName#:

We are extremely pleased to inform you that the Compensation Committee of the Board of Directors of Sunoco GP LLC (the "*General Partner*"), the general partner of Sunoco LP ("*Sunoco*") has granted you an award of cash restricted units (the "*Award*") under the Sunoco LP Long-Term Cash Restricted Unit Plan (*"Cash Plan"*). The Award represents a notional unit that upon vesting entitles you to receive an amount of cash equal to the Fair Market Value (as that term is defined in the Cash Plan) of a Common Unit of Sunoco as of the vesting date. This Award will vest in three installments – one-third on the first December 5th after the effective date of this Award, one-third on the second December 5th after the effective date of this Award, and the final on-third on the third December 5th after the effective date of this Award contingent upon your continued employment or service with Sunoco or its subsidiary or affiliate on each of the vesting dates. This Award is subject to the terms and conditions of the Plan and the attached following Time-Vested Cash Restricted Unit Agreement (the "*Award Agreement*"). By accepting this Award online, you agree to the terms of the Cash Plan and the Award Agreement.

Please note that like any compensation arrangement, Awards under the Cash Plan are to be kept confidential unless required to be disclosed by SEC disclosure regulations.

Thanks for your continuing contribution to our efforts. It is a pleasure for us to be associated with you in building an even greater company.

____

Joseph Kim
President and Chief Executive Officer of Sunoco GP LLC, the
general partner of Sunoco LP

SUNOCO LP
LONG-TERM CASH RESTRICTED UNIT PLAN

Time-Vested Cash Restricted Unit Agreement

This Cash Restricted Unit Agreement (the "Agreement") is entered into on the date of acceptance by the Participant and is made by and between Sunoco LP (the "Partnership") and the accepting Participant. The Partnership, the Company (as defined below) and its and their subsidiaries may collectively referred to as the "**SUN Entities**" and each a "**SUN Entity**." Except as otherwise expressly provided herein, all capitalized terms used in this Agreement, but not defined, shall have the meanings provided in the Cash Plan.

Recitals:

WHEREAS, Sunoco GP LLC (the "General Partner" or "Company") maintains the Sunoco LP Long-Term Cash Restricted Unit Plan (the "Cash Plan") which is administered by the Compensation Committee of the Board of Directors of the General Partner (the "Committee"); and

WHEREAS, the Committee has determined to make an Award (as that term is defined below) to the Participant of Cash Units (as defined in the Cash Plan), representing rights to receive an amount of cash equal to the Fair Market Value of a Common Unit of the Partnership as of the vesting date, subject to a risk of forfeiture pursuant to the terms and conditions of the Cash Plan; and

WHEREAS, the Participant has determined to accept such Award;

NOW, THEREFORE, the General Partner and the Participant, each intending to be legally bound hereby, agree as follows:

ARTICLE I:
Award of Cash Restricted Units

1.1 **<u>Award.</u>** Subject to the terms and conditions of the Cash Plan and this Agreement, the Partnership hereby grants the Participant an Award of Cash Units (the "Award") as specified within the Participant's Cash Unit account within Fidelity Stock Plan Services, LLC (the Company's online equity award tracking system at the time of the Award). The details of the Award are as follows:

Participant:	#ParticipantName#
Date of Grant:	#GrantDate#
Total Number of Cash Units:	#QuantityGranted#

Vesting Schedule:

- 33% on the first December 5th following the date of the Award
- 33% on the second December 5th following the date of the Award
- 34% on the third December 5th following the date of the Award

The Participant will not be entitled to receive any payment of distributions or distribution equivalents, or interest or interest equivalents, on this Award prior to vesting.

1.2 Effect of Plan; Construction. The entire text of the Cash Plan is expressly incorporated herein by this reference and so forms a part of this Agreement. In the event of any inconsistency or discrepancy between the provisions of this Agreement and the Cash Plan, the provisions in the Cash Plan shall govern and prevail. This Agreement is subject in all respects to the terms and conditions of the Cash Plan, as the same may have been amended from time to time in accordance with its terms; *provided, however*, that no such amendment shall deprive the Participant, without such Participant's consent, of any rights earned or otherwise due to Participant hereunder. Initially capitalized terms and phrases used in this Agreement but not otherwise defined herein, shall have the respective meanings ascribed to them in the Cash Plan.

1.3 Vesting/Payments. This Award is subject to vesting as described in Section 1.1, subject to the Participant's continued employment or service with the Partnership, the General Partner, a Subsidiary or an Affiliate of the Partnership, the General Partner or a Subsidiary (collectively, the "SUN Group"), on each vesting date.

(a) Settlement of Vested Cash Units. As soon as practicable after the vesting of a Cash Unit, the Company or the Partnership shall deliver or cause to be delivered to the Participant cash equal to the Fair Market Value of the number of vesting Awards held on the vesting date, less applicable federal, state and local withholding taxes.

(b) Timing. Payment of vested Awards (the Cash Units) will be made within seventy-five (75) calendar days after the applicable vesting date of the Award.

1.4 Change of Control. Notwithstanding Section 1.3 of this Agreement, in the event of a Change of Control, as that term is defined in the Cash Plan, occurring prior to the date all outstanding Cash Units granted hereunder have vested in accordance with Section 1.3 above, all then-outstanding unvested Cash Units granted pursuant to this Agreement shall become immediately vested and nonforfeitable and the Company or the Partnership shall deliver the amount of cash equal to the Fair Market Value of the number of the vesting Awards as of the date of such event to the Participant as soon as practicable thereafter, but in no event later than the thirty-second (32nd) calendar day immediately following the date of occurrence of such Change in Control, less any applicable federal, state and local withholding taxes, provided that the Participant remained employed immediately before the Change in Control.

1.5 Termination of Employment.

(a) Death or Permanent Disability. In the event of the death or Disability of a Participant occurs while the Participant is still employed and has Awards outstanding at the time of the Participant's death or Disability, the Participant or the Participant's beneficiary will be paid an amount in cash in full settlement of the Participant's Cash Units outstanding (vested or unvested), less any applicable federal, state and local withholding taxes, as a result of death or the Participant's Disability, no later than seventy-five (75) calendar days following the date of the Participant's death or the date of the determination of the Participant's Disability. The amount payable under this Section 1.5 shall be equal to the Fair Market Value of the number of Cash Units held on the date the Participant became Disabled or died, as applicable.

(b) Qualified Retirement. Participant who have at least five (5) years of service and leaves the Partnership, or one of its affiliates or subsidiaries, voluntarily due to retirement, the Award will be eligible for the accelerated vesting per the following schedule:

- Participants ages 65-68 are eligible for the accelerated vesting of 40% of the remaining unvested Cash Units under the Award at the time of the Participant's retirement.
- Participants over the age of 68 are eligible for the accelerated vesting of 50% of the remaining unvested Cash Units under the Award at the time of the Participant's retirement.

Notwithstanding the foregoing, in order for this Award to be accelerated under the qualified retirement provision hereof, it must be outstanding for at least one year from the date of grant, referenced in section 1.1(b) above.

Any qualified retirement occurring prior to the one-year anniversary of the date of grant will result in the Award hereunder being forfeited with no acceleration.

(c) Termination due other than to Death, Disability or Qualified Retirement. The Award granted hereunder is for the express purpose of retaining the services and engagement of the Participant for the full time of the vesting period. Except as otherwise provided in the Cash Plan or in Section 1.5(a) and (b) of this Agreement, the unvested portion of this Award shall be automatically forfeited for no consideration as a result of the termination of the Participant's employment with the Partnership or one of its affiliates by reason of retirement prior to the end of the vesting period, and Participant shall not have any further rights with respect to any such forfeited Cash Units.

(d) Leaves of Absence. The Committee shall determine whether any leave of absence constitutes a termination of employment within the meaning of the Plan and the impact of such leave of absence on Award(s) made to Participant under the Cash Plan.

ARTICLE II
Restrictive Covenants

2.1 Confidentiality and Access to Confidential Information

(a) Participant's Receipt of and Access to Confidential Information and Protected Relationships. In connection with Participant's Service to the SUN Entities, the Partnership and/or its affiliates have provided and will continue to provide Participant access to, and/or allow Participant the opportunity to develop, confidential information of the SUN Entities, including certain information pertaining to the SUN Entities' past, current, and future: business plans, corporate opportunities, operations, acquisition, merger or sale strategies; production, product development, product names and marks; marketing, costs, pricing, financial performance, business plans, and strategic plans; financial statements and all information relating to financial activities, assets, and liabilities; operation or production procedures or results; trade secrets; partners, partnership or other business arrangements or agreements with third parties; customers including their identities, contact persons, sales volumes, preferences, requirements, history, and contracts; and technical information, including equipment, drawings, blueprints, services and processes, along with any other information relating to the SUN Entities' business that is treated by the Partnership as confidential (all of the foregoing collectively, "**Confidential Information**"). The SUN Entities will also provide Participant access to, and the opportunity to develop, business relationships with the SUN Entities' customers, clients, and partners with whom the SUN Entities have developed goodwill and to which Participant would not otherwise have access (collectively, "**Protected Relationships**"). Participant acknowledges and agrees that even if Participant creates or adds to any Confidential Information or Protected Relationships, Participant is being compensated to do so under Participant's Service with the SUN Entities and any such information is and will remain the property of the Partnership.

(b) Participant's Obligations of Non-Use and Non-Disclosure. Participant acknowledges that the business of the Partnership and its affiliates is highly competitive and that the Confidential Information and opportunity to develop Protected Relationships are valuable, special, and unique assets of the Partnership and its affiliates which they use in their business to obtain a competitive advantage over their competitors which do not know or use this information. Participant further acknowledges that protection of the Confidential Information and Protected Relationships against unauthorized disclosure and use is of critical importance to the Partnership and its affiliates in maintaining their competitive position. Accordingly, Participant hereby agrees that Participant will not, at any time during or after Participant's Service to any of the SUN Entities, make any unauthorized disclosure of any Confidential Information or make any use thereof or of the Protected Relationships, except for the benefit of, and on behalf of, the SUN Entities.

(c) Third-Party Information. Participant acknowledges that, as a result of Participant's service with the Partnership, Participant has had and will continue to have access to, or knowledge of, confidential business information or trade secrets of third parties, such as customers, clients, vendors, suppliers, partners, joint venturers, and the like, of the SUN Entities. Participant agrees to preserve and protect the confidentiality of such third-party confidential information and trade secrets to the same extent, and on the same basis, as the Confidential Information.

(d) Return of Documents and Electronic Data. All written or electronic or other data or materials, records and other documents made by, or coming into the possession of, Participant during the period of Participant's Service which contain or disclose the Confidential Information and/or Protected Relationships shall be and remain the property of the SUN Entities. Upon request, and in any event without request upon termination of Participant's service for any reason, Participant shall promptly deliver the same, and all copies, derivatives and extracts thereof, to the SUN Entities.

(e) Restriction Limitations. Notwithstanding the foregoing or anything herein to the contrary, Participant acknowledges and agrees that (i) nothing contained in this Agreement will prohibit Participant from filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation; (ii) nothing in this Agreement is intended to or will prevent Participant from communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Participant's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding; and (iii) pursuant to 18 USC Section 1833(b), Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

2.2 Non-Solicit/Non-Hire

(a) Consideration for Restrictive Covenants. The restrictive covenants contained in this Article II are supported by consideration to Participant from the Partnership as specified in this Agreement, including, but not limited to, the consideration provided in Article I and Section 2.1 Participant agrees that the restrictive covenants contained in this Section 2.2 are in exchange for the consideration specified herein, as a material incentive for the Partnership to enter into this Agreement, to help enforce Participant's agreement not to use or disclose Confidential Information and Protected Relationships as set forth in Section 2.1, and to protect the SUN Entities' goodwill which Participant will help develop during Participant's period of service.

(b) Non-Solicitation/Non-Hire of Employees. During the Restrictive Covenant Period (as defined below), Participant shall not, on Participant's own behalf or on behalf of any other person, partnership, entity, association, or corporation, hire, retain or seek to hire or retain any employee of the SUN Entities or in any other manner attempt directly or indirectly to solicit, influence, induce, or encourage any employee of the SUN Entities to leave the employment of the SUN Entities, nor shall Participant use or disclose to any person, partnership, entity, association, or corporation any information concerning the names, addresses, or personal telephone numbers of any employees of the SUN Entities for the purpose of soliciting or hiring such employee for potential employment or services on behalf of any person or entity other than the SUN Entities.

(c) Non-Solicitation of Customers and Business Partners. During the Restrictive Covenant Period, Participant shall not, on Participant's own behalf or on behalf of any other person, partnership, entity, association, or corporation, directly or indirectly:

(i) influence, induce, solicit or encourage any potential or actual customer, actual vendor, or actual business partner of the SUN Entities to abandon, reduce, or materially change its business relationship with the SUN Entities, or

(ii) provide products or services related to the Restricted Business (as defined below) to any potential or actual customer or actual business partner of the SUN Entities.

During the post-employment period of the Restrictive Covenant Period, this Section 2.2(c) shall only restrict Participant's activities with respect to (i) actual or potential customers and actual business partners of the SUN Entities with whom Participant had direct contact or business dealings or indirect contact or business dealings (through the supervision of other employees) in the twenty-four (24) months preceding the termination of Participant's employment for any reason, or (ii) actual or potential customers and actual business partners of the SUN Entities about whom Participant learned Confidential Information in the twenty-four (24) months preceding the termination of Participant's Service for any reason.

(d) Definitions.

(i) Restricted Business. The Restricted Business is defined as the products and services provided or proposed to be provided by the SUN Entities during Participant's employment and which Participant (i) was directly involved or indirectly involved through the supervision of other employees; or (ii) about which Participant received Confidential Information.

(ii) Restrictive Covenant Period. The Restrictive Covenant Period is defined as the period of time during Participant's employment with any SUN Entity and continuing for one (1) year after the date Participant is no longer employed by any of the SUN Entities, regardless of the reason for the termination of Participant's employment and regardless of whether Participant's employment was terminated by Participant or the SUN Entities.

(e) Reasonableness of Restrictions; Breach and Reformation. Participant understands and agrees that the restrictions and obligations upon Participant contained in this Agreement are material to the SUN Entities and that this Agreement would not be entered into without these promises from Participant. Participant acknowledges that these restrictions and obligations do not terminate when Participant's employment terminates. Participant understands that the restrictions in Sections 2.1 and 2.2 of this Agreement may limit Participant's ability to engage in a business similar to or competitive with the SUN Entities, but acknowledges that Participant will receive sufficient consideration from the SUN Entities under this Agreement to justify such restrictions. Participant further acknowledges that the foregoing restrictions and obligations do not prevent Participant from earning a living with the skills and experience Participant currently possesses. Participant acknowledges that money damages would not be a sufficient remedy for any breach of this Agreement by Participant, and, as such, the SUN Entities shall be entitled to enforce their rights under this Agreement by injunctive relief in addition to all remedies available at law or in equity. It is expressly understood and agreed that Partnership and Participant consider the restrictions and obligations upon Participant contained in this Section 2.2 to constitute reasonable restraints as to time, geography, and activities involved, and to be necessary for the purposes of preserving and protecting the goodwill, Confidential Information, Protected Relationships, and other legitimate business interests of the SUN Entities. Nevertheless, if any covenant contained in this Section 2.2 is found by a court of competent jurisdiction to contain limitations as to time, geographic area, or scope of activity that are not reasonable and impose a greater restraint than is necessary to protect the legitimate business interests of the SUN Entities, then the court shall reform the covenant to the extent necessary to cause the limitations contained in the covenant as to time, geographic area, and scope of activity to be restrained to be reasonable and to impose a restraint that is not greater than necessary to protect the legitimate business interests of the SUN Entities. Participant hereby expressly waives, and agrees not to assert, any challenge to any restrictive covenant in this Agreement premised upon insufficiency of consideration, over breadth or unreasonableness, or that any provisions of this Agreement are otherwise void, voidable, or unenforceable or should be voided or held unenforceable.

ARTICLE III
General Provisions

3.1 Successors and Assignability. This Agreement shall be binding upon, and inure to the benefit of, the General Partner, the Partnership and either of its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the General Partner or the Partnership's assets and business. Unless otherwise provided by the Committee: (a) no part of this Award shall be assignable or transferable by the Participant, except by will or the laws of descent and distribution; and (b) during the Participant's life, this Award shall be payable only to Participant, or Participant's guardian or legal representative. In the event of the Participant's death, payment, to the extent permitted by this Agreement and the Cash Plan, may be made in accordance with Section 1.4.

3.2 No Rights as a Limited Partner. As any Award under the cash Plan shall settle in cash, neither the Participant nor any other person shall be entitled to any privileges of common unit ownership, (including, without limitation, any voting rights or any right to distributions paid with respect to the common units underlying the Cash Units), or otherwise have any rights as a limited partner, by reason of the Award.

3.3 **Amendment.** This Agreement shall not be amended or modified except by an instrument in writing executed by both parties hereto.

3.4 **Captions.** The captions at the beginning of each of the numbered Sections and Articles herein are for reference purposes only and will have no legal force or effect. Such captions will not be considered a part of this Agreement for purposes of interpreting, construing or applying this Agreement and will not define, limit, extend, explain or describe the scope or extent of this Agreement or any of its terms and conditions.

3.5 **Governing Law.** THE VALIDITY, CONSTRUCTION, INTERPRETATION AND EFFECT OF THIS INSTRUMENT SHALL BE GOVERNED EXCLUSIVELY BY, AND DETERMINED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF), EXCEPT TO THE EXTENT PRE-EMPTED BY FEDERAL LAW, WHICH SHALL GOVERN.

3.6 **Notices.** Communications shall be addressed and directed to the parties, as follows, or to such other address or recipient for a party as may be hereafter notified by such party hereunder:

(a) if to the Partnership:

Sunoco LP
8111 Westchester Drive, Suite 600
Dallas, TX 75225
Attn: Senior Vice President – Human Resources

Notices to the Partnership shall be deemed to have been duly given or made upon actual receipt by the Partnership.

(b) if to the Participant: to the address for Participant as it appears on the General Partner's records.

3.7 **Severability.** If any provision of this Agreement or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable law or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Cash Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Cash Plan and any such Award shall remain in full force and effect.

3.8 **Code Section 409A**

(a) General. This Agreement is intended to comply with the provisions of Section 409A of the Code ("**Section 409A**") and this Agreement and the Cash Plan shall, to the extent practicable, be construed in accordance therewith. Terms defined in this Agreement and the Cash Plan (including, but not limited to, the definition of Disability and Change in Control) shall have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A.

(b) Delayed Payment Rule. If and to the extent any portion of any payment provided to the Participant under this Agreement in connection with the Participant's "separation from service" (as defined in Section 409A) is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is a "specified employee" (as defined in Section 409A(a)(2)(B)(i)), as determined by the Company and the Partnership in accordance with the procedures separately adopted by the Company and the Partnership for this purpose, by which determination the Participant, as a condition to accepting benefits under this Agreement and the Plan, agrees to be bound, such portion of the Cash Units to be delivered on a vesting date shall not be delivered before the earlier of (i) the day that is six months plus one day after the date of separation from service (as determined under Section 409A) or (ii) the tenth (10th) day after the date of the Participant's death (as applicable, the "**New Payment Date**"). Any amount that is otherwise payable within the six (6) month period described in the preceding sentence, will be aggregated and paid in a lump sum without interest.

(c) Separate Payments, No Acceleration. For purposes of Section 409A, each payment or settlement of any portion of the Cash Units under this Agreement shall be treated as a separate payment of compensation. None of the Company, the Partnership nor the Participant shall have the right to accelerate or defer the delivery of any such Cash Units except to the extent specifically permitted or required by Section 409A.

(d) No Representation. The Company and the Partnership make no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments under this Agreement are determined to constitute deferred compensation subject to Section 409A but not to satisfy the conditions of that section.

3.9 Entire Agreement. This Agreement constitutes the entire understanding and supersedes any and all other agreements, oral or written, between the parties hereto, in respect of the subject matter of this Agreement and embodies the entire understanding of the parties with respect to the subject matter hereof.

BY ACCEPTING THIS AGREEMENT ONLINE YOU AGREE TO THE TERMS OF THE AWARD AS SPECIFIED HEREIN.

SUNOCO LP

INSIDER TRADING POLICY

Introduction

Under the securities laws, "Insiders" are prohibited from purchasing or selling common units representing limited partner interests in Sunoco LP (the "**Partnership**") and debt securities issued by the Partnership (the "**Securities**") while in the possession of material nonpublic or "Insider" information. Insiders are also prohibited from discussing any such information with persons not authorized to receive it. THESE RULES APPLY TO EVERYONE – YOU ARE NOT PROTECTED FROM LIABILITY BECAUSE YOU ARE NOT A MEMBER OF MANAGEMENT. ANY EMPLOYEE[1], OFFICER OR DIRECTOR WILL BE CONSIDERED TO BE AN "INSIDER" UNDER THE SECURITIES LAWS FOR AS LONG AS HE OR SHE HAS KNOWLEDGE OF MATERIAL NONPUBLIC INFORMATION.

"**Material**" information includes any information that would influence a reasonable investor to buy, sell or hold the Partnership's Securities. Although what is "material" will depend on the facts of each event, common examples of information frequently regarded as material are: quarterly and annual earnings or losses; volumes; proposed acquisitions, mergers or divestitures; the execution or loss of contracts with customers or suppliers that could be considered to be significant to the Partnership's operations; news of major new products or services; information about a major joint venture, acquisition or business opportunity; and news of significant changes in management. Both positive and adverse information can be material. The broadest interpretation should be given to what is "material." Hindsight makes a relatively insignificant happening appear significant if it becomes the first step toward a substantial financial event. It is also very difficult for an officer, director or other manager to prove that he or she did not know about a development known to other officers or directors or to subordinates.

The Insider Trading and Securities Fraud Enforcement Act of 1988 contains strict civil and criminal penalties for violating the insider trading rules. Among other things, civil penalties assessed against the Partnership could include the payment of a fine equal to the *greater of $1 million* or three times any profit earned or loss avoided. In addition, civil penalties of up to three times the profit gained or loss avoided can be assessed against the person who committed the violation. Criminal penalties can include both higher fines and even imprisonment. Penalties can be applied to persons who have traded on material nonpublic information, persons who have shared such information with others, the recipients of such information, and the Partnership.

"**Nonpublic**" material information is material information that has not received adequate public disclosure. Adequate public disclosure requires that the information must be widely disclosed or widely available to nearly anyone, such as distribution to the wire services, through a press release, or available on the Partnership's website, and that a sufficient period of time have elapsed from the time of such disclosure for the information to be effectively disseminated to the public or to the Partnership's unitholders. Again, there are no firm rules regarding what is adequate public disclosure, and it will be dependent upon the facts of the event.

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[1] For purposes of this Policy, an "employee" means: (i) any person who is employed by Sunoco GP LLC or any of its wholly-owned subsidiaries and (ii) any person who is employed by LE GP, LLC, Energy Transfer LP or any of their wholly-owned subsidiaries <u>and</u> who provides shared-services to Sunoco LP.

Until material information has been publicly disseminated, any employee with knowledge of it must stay out of the markets for Securities and for the securities of any other company for which the information may be material. Examples include co-venturers, subcontractors, suppliers and customers.

Equally important to the restrictions on employees, officers and directors, is that the restrictions also apply to persons who may have a relationship with the employee, officer or director. An employee, officer or director who has insider information must not permit any member of his or her immediate family, anyone acting on their behalf, or anyone to whom such insider has disclosed the information, to take any action in the market for securities that may be affected by the information. This restriction from acting on such information is equally applicable to purchases and to sales.

It is also vital that employees, officers and directors not pass insider information on to others. The Partnership and the employee, officer or director could be subject to serious civil and criminal penalties when information is leaked out to a few investors who act upon it before the news has been publicly disseminated.

In summary, the rules against "insider trading" are applicable to all employees, officers and directors of the Partnership who receive or possess material nonpublic information. *Legal constraints and the Partnership's policy require that employees not disclose, to any outside source, any confidential information they may receive in the course of their duties. Moreover, such individuals are expressly prohibited from taking advantage of such information, either directly or indirectly.* Officers, directors and other supervisory personnel should take steps to limit the disclosure of confidential and material information to only those employees with a "need to know," and when disclosure is necessary, all recipients should be counseled to comply with the laws and the Partnership's policies described in this statement. ***In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with the individual and any action by any employee or officer of the Partnership pursuant to this policy does not in any way constitute legal advice or insulate you from liability under applicable securities laws.***

If you have any questions regarding either the law or any of the following rules, please contact the Partnership's General Counsel.

Rules

(1) All nonpublic information concerning Sunoco LP and its affiliated companies (collectively, the "**Partnership**") and its affairs, is and remains the property of the Partnership.

(2) An employee coming into possession of such information acquires no interest or rights in the information, and merely holds it as an incident to his or her employment.

(3) Officers and employees in possession of material nonpublic information hold the information as trustees for the benefit of the Partnership and its unitholders and are under fiduciary responsibilities to the Partnership and its unitholders.

(4) It is unlawful, both civilly and criminally, and against Partnership policy, for any officer or employee to buy or sell the Partnership's Securities, or options, puts and calls and any

other security that relates to, or derives its value by reference to, the Partnership's Securities, while in the possession of material nonpublic information; provided, however, that purchases and sales pursuant to any approved Rule 10b5-1 Plan may be permissible (see below).

(5) Any officer or employee in possession of material nonpublic information thus must refrain absolutely from any trading in the Partnership's Securities, until such time as the information has been publicly disseminated and the public has had sufficient time to absorb such information (typically two (2) business days).

(6) Persons who are designated as "Insiders" are subject to the additional restriction that they may only trade in the Partnership's Securities (i) during specified "trading windows" as described below or (ii) as otherwise approved by the Partnership's General Counsel. The Partnership's Chief Financial Officer, the General Counsel or the Associate General Counsel will advise "Insiders" via email notification of the opening and closing of quarterly trading windows when trading in the Partnership's Securities is permitted (assuming that the party wishing to trade Securities does not possess material nonpublic information). These windows of trading opportunity will typically begin, or "open", on the third (3rd) business day after the release to the public of the Partnership's quarterly earnings data, and close fourteen (14) calendar days prior to the end of the next fiscal quarter. By way of example, if the Partnership releases earnings for the second quarter of a fiscal year on August 11th, the ensuing trading window for Insiders will open on August 14th (or the next business day thereafter if August 14th falls on a weekend or bank holiday) and close again on September 17th. Utilization of the trading window will not exempt any Insider from liability for misuse of material inside information or the disgorgement of any profits in violation of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (matching of purchases and sales within six (6) months of each other). For purposes of this paragraph 6 only, the term "Insider" means the officers and directors of the Partnership who are required to make filings under Section 16 of the Exchange Act, and other employees who may be designated by the Partnership's Legal Department or Board of Directors from time to time and who are notified in writing of such designation. Section 16 officers and directors should promptly report any such trade to the Partnership's Section 16 filing coordinator.

(7) Designated "**Insiders**" may come in contact with material nonpublic information on a continuing and frequent basis and, as such, all purchases and sales of Partnership Securities by "**Insiders**" – even if the proposed transaction is within an "open" trading window as described above – must be pre-cleared by the Partnership's General Counsel or his designee, prior to executing the proposed transaction, except for purchases and sales pursuant to any approved Rule 10b5-1 Plan (see below).

(8) It is a violation of Partnership policy, and potentially civilly or criminally unlawful, for an employee, officer or director to disclose, even inadvertently, to persons outside of the Partnership any material nonpublic information, other than in the course of the performance of their duties.

(9) Material nonpublic information is defined as any information concerning the Partnership, not yet public knowledge, but which, if publicly known, could reasonably be expected to

affect the price of the Partnership's Securities, or is likely to be considered important by a reasonable investor.

(10) Anyone who violates this policy, by either trading on insider information or passing on such information to others, will be subject to disciplinary action, up to and including immediate discharge.

Rule 10b5-1 Plans

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this policy must enter into a rule 10b5-1 plan for transactions in the Partnership's Securities that meets certain conditions specified in the rule ("*Rule 10b5-1 Plan*"). If the plan meets the requirements of Rule 10b5-1, Partnership Securities may be purchased or sold without regard to the insider trading restrictions contained in this policy. To comply with the policy, a Rule 10b5-1 Plan must be approved by Partnership's General Counsel and meet the requirements of Rule 10b5-1. In general, the rule provides that a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of the transactions in advance or delegate discretion on these matters to an independent third party.

Any Rule 10b5-1 Plan must be submitted for approval five (5) days prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required. Transactions pursuant to Rule 10b5-1 Plans are reportable transactions for persons designated as Section 16 officers and directors. Rule 10b5-1 Plans require a cooling off period for directors and officers and will not become effective until the later of (i) 90 days after the adoption or modification of the trading plan or (ii) two business days following the filing of the Form 10-Q or Form 10-K for the fiscal quarter in which the plan was adopted or modified. In any event, the required cooling-off period is not to exceed 120 days following the adoption or modification of the plan. With respect to persons other than issuers, directors or officers, the applicable cooling-off period is 30 days after the adoption or modification of the trading plan.

Persons entering into a plan will generally be prohibited from having more than one Rule 10b5-1 trading plan for open market purchases or sales of the Partnership's securities. This prohibition does not apply to any Partnership distribution reinvestment plan (DRIP) or to any plans authorizing an agent to sell securities to cover tax withholding obligations arising from the vesting of any compensatory awards, such as on the vesting of Partnership restricted units, provided that the award holder is not permitted to exercise control over the timing of such sales.

Effective: February 27, 2023

List of Subsidiaries

1. Aloha Petroleum LLC, a Delaware limited liability company
2. Aloha Petroleum, Ltd., a Hawaii corporation
3. Cal’s Convenience, Inc., a Texas corporation
4. Eco-Products Manufacturing of Puerto Rico Inc., a Puerto Rico corporation
5. ET-S Permian Holdings Company LP, a Texas limited partnership *
6. ET-S Permian Marketing Company LLC, a Texas limited liability company
7. ET-S Permian Pipeline Company LLC, a Texas limited liability company
8. ET-S Permian Terminals Company LLC, a Texas limited liability company
9. Fathom Global Energy FT LLC, a Delaware limited liability company
10. J.C. Nolan Pipeline Co., LLC, a Delaware limited liability company **
11. J.C. Nolan Terminal Co., LLC, a Delaware limited liability company ***
12. LegacyStar Services, LLC, a Delaware limited liability company
13. NuStar Energy L.P., a Delaware limited partnership
14. NuStar Finance LLC, a Delaware limited liability company
15. NuStar GP Holdings, LLC, a Delaware limited liability company
16. NuStar GP, Inc., a Delaware corporation
17. NuStar GP, LLC, a Delaware limited liability company
18. NuStar Services Company LLC, a Delaware limited liability company
19. NuStar Internacional, S. de R.L. de C.V., a Mexico S. De R.L. de C.V.
20. NuStar Logistics, L.P., a Delaware limited partnership
21. NuStar Permian Holdings, LLC, a Delaware limited liability company
22. NuStar Pipeline Company, LLC, a Delaware limited liability company
23. NuStar Pipeline Operating Partnership L.P., a Delaware limited partnership
24. NuStar Pipeline Partners L.P., a Delaware limited partnership
25. NuStar Supply & Trading LLC, a Delaware limited liability company
26. NuStar Terminals Operations Partnership L.P., a Delaware limited partnership
27. NuStar Terminals Services, Inc., a Delaware corporation
28. Cööperatie NuStar Holdings U.A., a Netherlands co-operative association
29. Peerless Oil & Chemicals, Inc., a Delaware corporation
30. Peerless Oil Company (Puerto Rico), Inc., a Puerto Rican corporation
31. Petro Taino Transport Corp., a Puerto Rican corporation
32. POC USVI LLC, a United States Virgin Islands limited liability company
33. Portland Terminals, LLC, a Delaware limited liability company
34. Riverwalk Logistics, L.P., a Delaware limited partnership
35. Shore Terminals LLC, a Delaware limited liability company
36. Star Creek Ranch, LLC, a Delaware limited liability company
37. Sun LP Pipeline LLC, a Delaware limited liability company
38. Sun LP Terminals LLC, a Delaware limited liability company
39. Sun Lubricants and Specialty Products Inc., a Quebec corporation
40. Sun Pipeline Holdings LLC, a Texas limited liability company
41. Sunmarks, LLC, a Delaware limited liability company
42. Sunoco Amsterdam Terminal B.V., a Netherlands private limited company
43. Sunoco Bantry Bay Terminal Limited, an Ireland limited company
44. Sunoco European Holdings Limited, an Ireland limited company
45. Sunoco Finance Corp., a Delaware corporation
46. Sunoco Global LLC, a Delaware limited liability company
47. Sunoco Ireland Limited, an Ireland limited company
48. Sunoco Marine Ltd., a Delaware corporation
49. Sunoco Midstream LLC, a Delaware limited liability company
50. Sunoco Netherlands Amsterdam B.V., a Netherlands private limited company
51. Sunoco Netherlands Ireland Holdings B.V., a Netherlands private limited company
52. Sunoco NLR LLC, a Delaware limited liability company
53. Sunoco Overseas, Inc., a Delaware corporation
54. Sunoco Refined Products LLC, a Delaware limited liability company
55. Sunoco Retail LLC, a Pennsylvania limited liability company

56. Sunoco, LLC, a Delaware limited liability company
57. Town & Country Food Stores, Inc., a Texas corporation

* Sunoco LP holds a 32.5% limited partnership interest in ET-S Permian Holdings Company LP
** J.C. Nolan Pipeline Co., LLC is held 50% by Sun LP Pipeline LLC and ET CC Holdings LLC
*** J.C. Nolan Terminal Co., LLC is held 50% by Sun LP Terminals LLC and Energy Transfer Marketing & Terminals L.P.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 14, 2025, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Sunoco LP on Form 10-K for the year ended December 31, 2024. We consent to the incorporation by reference of said reports in the Registration Statements of Sunoco LP on Form S-3 (File No. 333-282818) and on Forms S-8 (File No. 333-228708 and File No. 333-184035).

/s/ GRANT THORNTON LLP

Dallas, Texas
February 14, 2025

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph Kim, certify that:

1. I have reviewed this annual report on Form 10-K of Sunoco LP (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 14, 2025

/s/ Joseph Kim
Joseph Kim
President and Chief Executive Officer of
Sunoco GP LLC, the general partner of
Sunoco LP

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dylan Bramhall, certify that:

1. I have reviewed this annual report on Form 10-K of Sunoco LP (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 14, 2025

/s/ Dylan Bramhall
Dylan Bramhall
Chief Financial Officer of Sunoco GP LLC,
the general partner of Sunoco LP

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Sunoco LP (the "Partnership") on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Kim, as President and Chief Executive Officer of Sunoco GP LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: February 14, 2025

/s/ *Joseph Kim*

Joseph Kim
President and Chief Executive Officer of Sunoco GP LLC, the general partner of Sunoco LP

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Sunoco LP (the “Partnership”) on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dylan Bramhall, as Chief Financial Officer of Sunoco GP LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: February 14, 2025	/s/ Dylan Bramhall
	Dylan Bramhall Chief Financial Officer of Sunoco GP LLC, the general partner of Sunoco LP

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.