
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported):
July 15, 2015 (July 14, 2015)**

Commission file number: 001-35653

Sunoco LP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

30-0740483
(IRS Employer
Identification No.)

**555 East Airtex Drive
Houston, TX 77073**
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (832) 234-3600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.***Contribution Agreement for Acquisition of Shares of Capital Stock of Susser Holdings Corporation***

On July 14, 2015, Sunoco LP (the “Partnership”) entered into a Contribution Agreement (the “Contribution Agreement”) with Susser Holdings Corporation (“Company”), Heritage Holdings, Inc. (“HHI”), ETP Holdco Corporation (“ETP Holdco” and together with HHI, the “Contributors” and each, a “Contributor”), Sunoco GP LLC, the general partner of the Partnership (“General Partner”), and Energy Transfer Partners, L.P. (“ETP”). Pursuant to the terms of the Contribution Agreement, the Partnership agreed to acquire from the Contributors 100% of the issued and outstanding shares of capital stock of the Company (“Acquired Interests”) (the “Transaction”). Pursuant to the terms of the Contribution Agreement, ETP has agreed to guarantee all of the obligations of the Contributors under the Contribution Agreement.

The Company operates retail convenience stores under its proprietary Stripes® and Sac-N-Pac™ brands, primarily located in the Texas market with additional locations in New Mexico and Oklahoma, offering merchandise, food service, motor fuel and other services. Stripes® is a leading independent operator of convenience stores in Texas based on store count and retail motor fuel volumes sold. The Company’s operations also include wholesale consignment sales and transportation operations. As of July 14, 2015, the Company indirectly owned 79,308 common units representing limited partner interests of the Partnership (“Common Units”) and 10,939,436 subordinated units representing limited partner interests of the Partnership (“Subordinated Units”), in the aggregate representing a 30.7% limited partner interest in the Partnership.

Subject to the terms and conditions of the Contribution Agreement, at the closing of the Transaction, the Partnership will pay to the Contributors approximately \$966.9 million in cash (“Cash Consideration”), subject to certain working capital adjustments, and issue to the Contributors 21,978,980 Class B units representing limited partner interests of the Partnership (“Class B Units”). The Class B Units will be identical to the Partnership’s common units in all respects, except such Class B Units will not be entitled to distributions payable with respect to the second quarter of 2015. The Class B Units will convert, on a one-for-one basis, into common units on the day immediately following the record date for the Partnership’s second quarter 2015 distribution. Pursuant to the terms of the Contribution Agreement, (i) the Company will exchange the Common Units for 79,308 Class A Units representing limited partner interests in the Partnership (“Class A Units”) and (ii) the Subordinated Units will be converted into 10,939,436 Class A units. The Class A Units will represent limited partner interests in the Partnership and will be entitled to receive distributions on a pro rata basis with the Partnership’s common units, except that the Class A Units (a) will not share in distributions of cash to the extent such cash is derived from or attributable to any distribution received by the Partnership from Susser Petroleum Property Company LLC (“PropCo”), the Partnership’s indirect wholly owned subsidiary, the proceeds of any sale of the membership interests of PropCo, or any interest or principal payments received by the Partnership with respect to indebtedness of PropCo or its subsidiaries and (b) will be subordinated to the Partnership’s common units during the subordination period for the Partnership’s subordinated units and will not be entitled to receive any distributions until holders of the Partnership’s common units have received the minimum quarterly distribution plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. Furthermore, the Class A Units (a) will not have the right to vote on any matter except as otherwise required by any non-waivable provision of law, (b) will not be convertible into common units or any other unit of the Partnership and (c) will not be 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 PropCo, or the Partnership’s ownership of any indebtedness of PropCo or any of its subsidiaries. Distributions made to holders of Class A Units will be disregarded for purposes of determining distributions on our incentive distribution rights. In addition, the Partnership will issue 79,308 common units and 10,939,436 subordinated units to the Contributors (together with the Class B Units, “Unit Consideration”) to restore the economic benefit of the Common Units and Subordinated Units that will be exchanged or converted, as applicable, into Class A Units. The Unit Consideration will be issued and sold to the Contributors in private transactions exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”).

Under the Contribution Agreement, it is a condition to the closing of the Transaction that the Partnership obtain sufficient proceeds from financing arrangements that will be used by the Partnership to fund a portion of the Cash Consideration under the Contribution Agreement and pay certain other expenses or disbursements directly related to the closing of the Contribution Agreement.

The Contribution Agreement contains customary representations and warranties, indemnification obligations and covenants by the parties. The Contribution Agreement may be terminated by the Partnership, the General Partner or the Contributors if the Transaction shall not have been consummated on or prior to October 1, 2015, which such date may be extended by the Contributors by up to 90 days in certain circumstances. Consummation of the Transaction is expected to occur by August 1, 2015 and is subject to customary closing conditions. There can be no assurance that all of the closing conditions will be satisfied or that anticipated benefits of the Transaction will be realized.

The General Partner holds a non-economic general partner interest in the Partnership. ETP currently (i) indirectly owns common units and subordinated units representing an approximately 44.1% limited partner interest in the Partnership, (ii) indirectly owns the general partner interest in the Partnership through ETP’s ownership of the General Partner and (iii) directly owns 100% of the outstanding incentive distribution rights in the Partnership. HHI and ETP Holdco are indirect wholly owned subsidiaries of ETP.

The Contribution Agreement and the above descriptions have been included to provide investors and security holders with information regarding the terms of the Contribution Agreement. They are not intended to provide any other factual information about the Partnership, the Company, ETP Holdco, HHI, the General Partner, ETP or their respective subsidiaries, affiliates or equity holders. The representations, warranties and covenants contained in the Contribution Agreement were made only for purposes of that agreement and as of specific dates; were solely for the benefit of the parties to the Contribution Agreement; and

may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made by each contracting party to the other as a way of allocating contractual risk between them that differ from those applicable to investors. Moreover, the subject matter of the representations and warranties are subject to more recent developments. Accordingly, investors should be aware that these representations, warranties and covenants or any description thereof alone may not describe the actual state of affairs of the Partnership, the Company, ETP Holdco, HHI, the General Partner, ETP or their respective subsidiaries, affiliates or equity holders as of the date they were made or at any other time.

The foregoing description of the Contribution Agreement is not complete and is qualified in its entirety by reference to the full text of the Contribution Agreement, which is filed as Exhibit 2.1 to this Current Report on Form 8-K and incorporated in this Item 1.01 by reference.

Item 3.02 Unregistered Sales of Equity Securities.

On July 14, 2015, the Partnership entered into the Contribution Agreement pursuant to which (i) it will issue the Unit Consideration to the Contributors as partial consideration for the Transaction as described above, (ii) the Company will exchange the Common Units for 79,308 Class A Units and (iii) the Subordinated Units will be converted into 10,939,436 Class A Units. The unit consideration and the Class A Units will be issued in private transactions exempt from registration under Section 4(a)(2) of the Securities Act. The information relating to the Contribution Agreement set forth under the heading “Contribution Agreement for Acquisition of Shares of Capital Stock of Susser Holdings Corporation” under Item 1.01 is incorporated by reference into this Item 3.02.

Item 7.01. Regulation FD Disclosure.

On July 15, 2015, the Partnership and ETP issued a joint press release announcing entry into the Contribution Agreement. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated by reference herein.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1 hereto, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 7.01 of this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act, except as otherwise expressly stated in such filing.

Item 8.01. Other Events.

Susser Holdings Corporation Information

In connection with the pending Transaction, the Partnership is providing business and other information relating to the Company as set forth in Exhibit 99.2 hereto and incorporated herein by reference.

The Partnership is also providing certain financial information regarding the Company set forth in Exhibit 99.3 hereto, and incorporated herein by reference.

Exchange and Repurchase Agreement

On July 14, 2015, ETP and its general partner entered into an exchange and repurchase agreement with Energy Transfer Equity, L.P. (“ETE”), which indirectly owns ETP’s general partner, pursuant to which, among other things, ETP will distribute to ETE (i) 100% of the membership interests in the General Partner and (ii) all of the Partnership’s incentive distribution rights, as currently owned by ETP (the “ETP Distribution”). The ETP Distribution is expected to close in August 2015 after the record date for the second quarter distributions for both the ETP common units and the Partnership’s general partner interest and incentive distribution rights, but will be effective as of July 1, 2015.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The following financial statements of the Company are filed as Exhibit 99.4 and Exhibit 99.5 hereto and incorporated herein by reference.

- Audited Consolidated Financial Statements as of December 31, 2014 and December 29, 2013 and for the periods from September 1, 2014 through December 31, 2014 and December 30, 2013 through August 31, 2014, and the years ended December 29, 2013 and December 30, 2012 of Susser Holdings Corporation; and
- Unaudited Consolidated Financial Statements as of March 31, 2015 and for the three month periods ended March 31, 2015 and 2014 of Susser Holdings Corporation.

(b) Pro Forma Financial Information.

The following pro forma financial statements of the Partnership reflecting (i) the consummation of our acquisitions of Mid-Atlantic Convenience Stores, LLC on October 1, 2014 and Aloha Petroleum, Ltd. on December 16, 2014 and the related financing, (ii) the consummation of the Partnership's acquisition of a 31.58% interest in Sunoco, LLC on April 1, 2015 and the related financing and (iii) the consummation of the Transaction and the related financing, have been prepared in accordance with Article 11 of Regulation S-X, are filed as Exhibit 99.6 hereto and are incorporated herein by reference:

- Unaudited pro forma condensed combined balance sheet as of March 31, 2015;
- Unaudited pro forma condensed combined statement of operations for the three months ended March 31, 2015 and the year ended December 31, 2014; and
- Notes to unaudited pro forma combined financial statements.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
2.1*	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.
23.1	Consent of Ernst & Young LLP.
99.1	Joint Press Release issued by Sunoco LP and Energy Transfer Partners, L.P. on July 15, 2015.
99.2	Susser Holdings Corporation Business.
99.3	Susser Holdings Corporation Financial Information.
99.4	Audited Consolidated Financial Statements as of December 31, 2014 and December 29, 2013 and for the periods from September 1, 2014 through December 31, 2014 and December 30, 2013 through August 31, 2014, and the years ended December 29, 2013 and December 30, 2012 of Susser Holdings Corporation.
99.5	Unaudited Consolidated Financial Statements as of March 31, 2015 and for the three month periods ended March 31, 2015 and 2014 of Susser Holdings Corporation.
99.6	Unaudited Pro Forma Combined Financial Statements of Sunoco LP.

* The registrant has omitted the schedules to this exhibit pursuant to the provisions of Regulation S-K, Item 601(b)(2). The registrant shall supplementary furnish a copy of the omitted schedules to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SUNOCO LP

**By: SUNOCO GP LLC,
its General Partner**

Date: July 15, 2015

By: /s/ Clare McGrory

Name: Clare McGrory

Title: Executive Vice President, Chief Financial Officer and Treasurer

SUNOCO LP

EXHIBIT INDEX

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CONTRIBUTION AGREEMENT

BY AND AMONG

SUSSER HOLDINGS CORPORATION,

AS THE COMPANY,

ETP HOLDCO CORPORATION AND

HERITAGE HOLDINGS, INC.,

AS CONTRIBUTORS,

SUNOCO LP,

AS ACQUIROR,

SUNOCO GP LLC,

AS GENERAL PARTNER,

AND SOLELY WITH RESPECT TO SECTION 10.19 AND THE OTHER PROVISIONS

RELATED THERETO,

ENERGY TRANSFER PARTNERS, L.P.,

AS CONTRIBUTOR GUARANTOR

DATED AS OF JULY 14, 2015

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CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this “Agreement”), dated as of July 14, 2015, is made by and among Susser Holdings Corporation, a Delaware corporation (the “Company”), Heritage Holdings, Inc., a Delaware corporation (“HHI”), ETP Holdco Corporation, a Delaware corporation (“ETP Holdco” and together with HHI, “Contributors” and each, a “Contributor”), Sunoco LP, a Delaware limited partnership (“Acquiror”), Sunoco GP LLC, a Delaware limited liability company and the general partner of Acquiror (the “General Partner” and together with Acquiror, the “Acquiror Parties”), and solely with respect to Section 10.19 and the other provisions related thereto, Energy Transfer Partners, L.P., a Delaware limited partnership (“Contributor Guarantor”). The Company, Contributors, the Acquiror Parties and Contributor Guarantor shall be referred to herein from time to time collectively as the “Parties,” and each a “Party”. Capitalized terms used but not otherwise defined herein have the meanings set forth in Section 1.1.

WHEREAS, Contributors collectively own beneficially and of record 100 shares of common stock of the Company, constituting 100% of the issued and outstanding shares of capital stock of the Company with a par value of \$0.01 per share (the “Acquired Interests”);

WHEREAS, the Company, through its wholly owned subsidiaries, Stripes LLC, a Texas limited liability company (“Stripes LLC”), and Stripes No. 1009 LLC, a Texas limited liability company (“Stripes 1009”), owns 79,308 common units (the “SHC Common Units”) and 10,939,436 subordinated units (the “SHC Subordinated Units”), in each case, representing limited partner interests in Acquiror (the SHC Common Units and the SHC Subordinated Units collectively, the “SUN Interests”), the terms of which are set forth in the First Amended and Restated Agreement of Limited Partnership of Acquiror, as amended by Amendment No. 1 dated October 27, 2014 (as amended, the “Acquiror Partnership Agreement”); and

WHEREAS, the Parties desire that, subject to the terms and conditions hereof, at the Closing (i) (a) the Company will exchange or cause to be exchanged the SHC Common Units for an aggregate of 79,308 Class A Units representing limited partner interests in Acquiror (“Exchange Class A Units”), and (b) the SHC Subordinated Units will be converted into 10,939,436 Class A Units (the “Conversion Class A Units”, together with the Exchange Class A Units, the “SUN Class A Interests”), the terms of which will be set forth in Amendment No. 2 to the Acquiror Partnership Agreement, substantially in the form attached as Exhibit A hereto (the “Acquiror Partnership Agreement Amendment”) and (ii) Contributors will contribute, transfer, assign and convey to Acquiror, all of the Acquired Interests, which Acquired Interests would be subsequently contributed, transferred, assigned and conveyed by Acquiror to Susser Petroleum Property Company LLC, a Delaware limited liability company (“PropCo”).

NOW, THEREFORE, in consideration of the premises and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 CERTAIN DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms have the respective meanings set forth below.

“Acquired Interests” has the meaning set forth in the recitals to this Agreement.

“Acquiror” has the meaning set forth in the introductory paragraph to this Agreement.

“Acquiror Certificate” has the meaning set forth in Section 2.3(b)(iv).

“Acquiror Class B Units” means Class B Units representing limited partner interests in Acquiror, having the terms set forth in the Acquiror Partnership Agreement Amendment.

“Acquiror Common Units” means common units representing limited partner interests in Acquiror.

“Acquiror Fundamental Representations” has the meaning set forth in Section 9.4(c).

“Acquiror Group” means, collectively, the Acquiror Parties and each of their respective Subsidiaries.

“Acquiror Indemnitees” has the meaning set forth in Section 9.2.

“Acquiror Material Adverse Effect” means any event, occurrence, fact, condition or change that has, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on (a) the financial condition, business, properties or results of operations of the Acquiror Group, taken as a whole, or (b) the ability of Acquiror to consummate the transactions contemplated hereby; *provided, however*, that any adverse change, event, occurrence, fact, condition or effect arising from or related to (i) conditions affecting the United States economy generally, (ii) any national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (iii) financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (iv) changes in GAAP, (v) any changes in the cost of products, supplies and materials purchased from third party suppliers (including any changes in fuel or commodity prices), (vi) any failure, in and of itself, by the Acquiror Group to meet any internal or published projections, forecasts or revenue or earnings predictions for any period ending on or after the date of this Agreement (*provided* that the underlying causes of any failure to meet such internal or published projections, forecasts or revenue or earnings predictions, to the extent not otherwise excluded from the definition of “Acquiror Material Adverse Effect”, shall not be disregarded and may be considered in determining whether a “Acquiror Material Adverse Effect” has occurred), (vii) changes in any Laws, rules, regulations, orders, or other binding directives issued by any Governmental Entity, (viii) any change that is generally applicable to the industries or markets in which the Acquiror Group operates unless such change

disproportionately affects (relative to other participants in the industry) the Acquiror Group taken as a whole, (ix) the public announcement of the transactions contemplated by this Agreement or (x) the taking of any action required by this Agreement and the other agreements contemplated hereby, shall not be taken into account in determining whether a “Acquiror Material Adverse Effect” has occurred or would reasonably be expected to occur.

“ Acquiror Parties ” has the meaning set forth in the introductory paragraph to this Agreement.

“ Acquiror Partnership Agreement ” has the meaning set forth in the recitals to this Agreement.

“ Acquiror Partnership Agreement Amendment ” has the meaning set forth in the recitals to this Agreement.

“ Acquiror SEC Documents ” has the meaning set forth in Section 5.5(a).

“ Acquiror Subordinated Units ” means subordinated units representing limited partner interests in Acquiror.

“ Adjustment Statement ” has the meaning set forth in Section 2.6(a).

“ Affiliate ” means, with respect to any Person, any other Person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlled” and “controlling” have meanings correlative thereto. For purposes of this Agreement, (i) Acquiror and its subsidiaries are deemed not to be Affiliates of the Contributors and their other Affiliates, and vice versa, and (ii) the Company shall be deemed to be an Affiliate of the Contributors prior to the Closing and an Affiliate of the Acquiror Parties on and after the Closing Date.

“ Aggregate Cap ” means an amount equal to \$1,933,710,671.

“ Agreement ” has the meaning set forth in the introductory paragraph to this Agreement.

“ Alternative Arrangements ” has the meaning set forth in Section 9.4(i).

“ Ancillary Documents ” has the meaning set forth in Section 3.3.

“ Business Day ” means a day, other than a Saturday or Sunday, on which commercial banks in New York City and Dallas, Texas are open for the general transaction of business.

“ Cap ” means an amount equal to \$241,713,834.

“ Cash Consideration ” has the meaning set forth in Section 2.1(b).

“Chancery Court” has the meaning set forth in Section 10.15.

“Closing” has the meaning set forth in Section 2.2.

“Closing Date” has the meaning set forth in Section 2.2.

“Closing Net Working Capital” has the meaning set forth in Section 2.6(a).

“COBRA” means Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and administrative guidance promulgated thereunder.

“Company” has the meaning set forth in the introductory paragraph to this Agreement.

“Company Benefit Plan” has the meaning set forth in Section 3.15(b).

“Company Certificate” has the meaning set forth in Section 2.3(a)(ii).

“Company Financial Statements” has the meaning set forth in Section 3.4.

“Company Group” means, collectively, the Company and each of its Subsidiaries.

“Company Leased Real Property” means all real property of which any member of the Company Group is a tenant pursuant to a Company Material Real Property Lease.

“Company Material Adverse Effect” means any event, occurrence, fact, condition or change that has, or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on (a) the financial condition, business, properties or results of operations of the Company, or (b) the ability of Contributors or the Company to consummate the transactions contemplated hereby; *provided, however*, that any adverse change, event, occurrence, fact, condition or effect arising from or related to (i) conditions affecting the United States economy generally, (ii) any national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (iii) financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (iv) changes in GAAP, (v) any changes in the cost of products, supplies and materials purchased from third party suppliers (including any changes in fuel or commodity prices), (vi) any failure, in and of itself, by the Company to meet any internal or published projections, forecasts or revenue or earnings predictions for any period ending on or after the date of this Agreement (*provided* that the underlying causes of any failure to meet such internal or published projections, forecasts or revenue or earnings predictions, to the extent not otherwise excluded from the definition of “Company Material Adverse Effect”, shall not be disregarded and may be considered in determining whether a “Company Material Adverse Effect” has occurred), (vii) changes in any Laws, rules, regulations, orders, or other binding

directives issued by any Governmental Entity, (viii) any change that is generally applicable to the industries or markets in which the Company operates unless such change disproportionately affects (relative to other participants in the industry) the Company, (ix) the public announcement of the transactions contemplated by this Agreement (including by reason of the identity of Acquiror or any public communication by Acquiror or any of its Affiliates regarding its plans or intentions with respect to the business of the Company, and including the impact thereof on relationships with customers, suppliers, distributors, partners, dealers or employees of the Company) or (x) the taking of any action required by this Agreement and the other agreements contemplated hereby, shall not be taken into account in determining whether a “Company Material Adverse Effect” has occurred or would reasonably be expected to occur.

“Company Material Contracts” has the meaning set forth in Section 3.6(a).

“Company Material Real Property Lease” means each lease listed on Schedule 1.1(b).

“Company Owned Real Property” means all land, together with all buildings, structures, improvements and fixtures located thereon, and all easements and other rights and interests appurtenant thereto, owned by the Company Group.

“Company Real Property” means Company Owned Real Property and Company Leased Real Property.

“Computershare” means Computershare Trust Company, N.A.

“Consideration” has the meaning set forth in Section 2.1(b).

“Contracts” means all contracts, leases, deeds, licenses, notes, commitments, undertakings, indentures, and all other agreements, commitments and legally binding arrangements, whether written or oral.

“Contributors” has the meaning set forth in the introductory paragraph to this Agreement.

“Contributor Fundamental Representations” has the meaning set forth in Section 9.4(a).

“Contributor Guarantees” has the meaning set forth in Section 6.7(a).

“Contributor Guarantor” has the meaning set forth in the introductory paragraph to this Agreement.

“Contributor Indemnitees” has the meaning set forth in Section 9.3.

“Contributor Taxes” means, without duplication, (a) all Taxes due and owing, by or with respect to, and all Taxes imposed on or incurred by or with respect to, each member of the Company Group or its assets or operations for any Pre-Closing Tax Period (determined in accordance with the definition of Pre-Closing Tax Period); (b) all Taxes of any affiliated, combined, consolidated, unitary or similar group of which any member of the Company Group (or any predecessor of such member) is or was a member on or prior to the Closing Date by reason of Treasury Regulation Section 1.1502-6(a) or any analogous or similar foreign, state or

local Law; (c) Taxes of any other Person for which any member of the Company Group is or has been liable as a transferee or successor, by Contract or otherwise, by reason of a transaction or a relationship occurring or existing prior to the Closing; and (d) any Transfer Taxes that Contributors are obligated to pay as set forth in Section 6.2(f).

“Controlled Group Liabilities” means any and all liabilities and obligations of a Person arising under ERISA, the provisions of the Code relating to or affecting Employee Benefit Plans or corresponding or similar provisions of any foreign Laws of a character that if unpaid or unperformed could result in the imposition of a Lien or encumbrance against the assets, or a liability or obligation, of another Person, including (a) under Title IV of ERISA, (b) under Sections 206(g), 302 or 303 of ERISA, (c) under Sections 412, 430, 431, 436 or 4971 of the Code, (d) as a result of the failure to comply with the continuation of coverage requirements of COBRA or similar state Law or (e) under corresponding or similar provisions of any foreign Laws.

“Conversion Class A Units” has the meaning set forth in the recitals to this Agreement.

“Cut-Off Date” has the meaning set forth in Section 9.1.

“Dealer” means a Person who operates one or more facilities of the Company as a gasoline fueling and service station and/or convenience store with gasoline fueling operations.

“Deductible” means an amount equal to \$9,668,553.

“Delaware LLC Act” means the Delaware Limited Liability Company Act, as amended.

“Delaware LP Act” means the Delaware Revised Uniform Limited Partnership Act, as amended.

“Direct Claim” has the meaning set forth in Section 9.5(c).

“Employee Benefit Plan” means each (i) “employee benefit plan,” as such term is defined in Section 3(3) of ERISA (including employee benefit plans, such as foreign plans or plans for directors, which are not subject to the provisions of ERISA) or (ii) personnel policy, equity option plan, equity appreciation rights plan, restricted equity plan, phantom equity plan, or other equity-based compensation arrangement, simple retirement account plan or arrangement, bonus plan or arrangement, incentive award plan or arrangement, vacation policy, severance pay plan, policy or agreement, deferred compensation agreement or arrangement, executive compensation or supplemental income arrangement, retention plan or agreement, change in control plan or agreement, consulting agreement, employment agreement, or any other employee or service provider compensation or benefit plan, program, policy, practice or agreement that is not described in clause (i).

“Environmental Laws” means all federal, state and local Laws concerning pollution or protection of the environment, as such of the foregoing are promulgated and in effect on or prior to the Closing Date.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations and administrative guidance promulgated thereunder.

“ERISA Affiliate” means, with respect to any Person, any other Person that, together with such first Person, is, or was at any time that could result in any liability (whether actual, contingent or otherwise) to such first Person, treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA.

“ETP Holdco” has the meaning set forth in the introductory paragraph to this Agreement.

“Estimated Closing Net Working Capital” has the meaning set forth in Section 2.5.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchange Class A Units” has the meaning set forth in the recitals to this Agreement.

“Final Adjustment Statement” has the meaning set forth in Section 2.6(c).

“Final Closing Net Working Capital” has the meaning set forth in Section 2.6(c).

“Final Reconciliation Disputes” has the meaning set forth in Section 2.6(c).

“Financing” has the meaning set forth in Section 6.10(a).

“Financing Agreements” has the meaning set forth in Section 6.10(a).

“GAAP” means United States generally accepted accounting principles.

“General Partner” has the meaning set forth in the introductory paragraph to this Agreement.

“Governing Documents” means the legal document(s) by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs. For example, the “Governing Documents” of a corporation are its certificate of incorporation and by-laws, the “Governing Documents” of a limited partnership are its limited partnership agreement and certificate of limited partnership and the “Governing Documents” of a limited liability company are its operating agreement and certificate of formation.

“Governmental Entity” means any (i) federal, state, local, municipal, foreign or other government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, (ii) governmental or quasi-governmental entity of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal) or (iii) body exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or Taxing Authority or power of any nature, including any arbitral tribunal.

“Guaranteed Obligations” has the meaning set forth in Section 10.19(a).

“Hazardous Substances” means (a) those substances, materials or wastes defined as “toxic”, “hazardous”, “acutely hazardous”, “pollutants”, “contaminants”, or otherwise regulated under Environmental Laws due to their dangerous or deleterious properties and characteristics; (b) petroleum and petroleum products, including crude oil and any fractions thereof; and (c) polychlorinated biphenyls, asbestos (and asbestos containing materials).

“HHI” has the meaning set forth in the introductory paragraph to this Agreement.

“Indemnified Party” has the meaning set forth in Section 9.5.

“Indemnifying Party” has the meaning set forth in Section 9.5.

“Independent Auditor” means a nationally recognized independent auditor that is not the independent auditor for any Party or its respective Affiliates.

“Initial Reconciliation Disputes” has the meaning set forth in Section 2.6(b).

“Issue Price” means \$43.99 per Acquiror Common Unit.

“Latest Acquiror Balance Sheet” means the consolidated balance sheet of Acquiror included in the most recently filed Form 10Q included among the Acquiror SEC Documents, as of the date of this Agreement.

“Latest Company Balance Sheet” has the meaning set forth in Section 3.4(a).

“Law” means all Laws, statutes, ordinances, codes, regulations, rules and similar mandates of any Governmental Entity, including all applicable Orders.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien (statutory or otherwise), priority, charge, right of first refusal, deed of trust, option, proxy, voting trust, encroachment, easement, right-of-way, license to a third party, lease to a third party, or other right of others or restriction on transfer, or any agreement to give any of the foregoing.

“Losses” means losses, damages, liabilities, judgments, interest, awards, penalties, fines, costs or expenses, including reasonable attorneys’ fees; *provided*, *however*, that, except as provided below, “Losses” shall in no event include any consequential damages or punitive, special, exemplary or indirect damages; *provided*, *further*, that any consequential damages or punitive, special, exemplary or indirect damages shall be deemed to be “Losses” solely to the extent such damages were actually awarded pursuant to a Third Party Claim.

“Material Company Permits” has the meaning set forth in Section 3.9.

“Net Working Capital” means an amount equal to (a) the total current assets of the Company Group, on a consolidated basis, minus (b) total current liabilities of the Company Group, on a consolidated basis, all as determined in accordance with GAAP as applied consistently with the Company Group’s past practices (including their preparation of the Company Financial Statements) and in each case calculated after settlement and exclusion of any intercompany items between any member of the Company Group; *provided* that “current assets”

shall not include any deferred Tax assets or any current assets attributable to any Person classified as a variable interest entity as to the Company Group under GAAP, and “current liabilities” shall not include any deferred Tax liabilities, any current liabilities attributable to any Person classified as a variable interest entity as to the Company Group under GAAP or any liabilities recorded under GAAP that are attributable to any capital lease or operating lease.

“Order” means any judgment, order, decision, writ, injunction, ruling, award or decree of, or any settlement under the jurisdiction of, any Governmental Entity.

“Parties” and “Party” has the meaning set forth in the introductory paragraph to this Agreement.

“Per Claim Deductible” means \$100,000.

“Per Diem Taxes” means the real, personal and intangible property Taxes and any other Taxes of the Company for any Pre-Closing Tax Period that are levied on a per diem basis.

“Permitted Liens” means (i) mechanic’s, materialmen’s, carriers’, repairers’ and other Liens arising or incurred in the ordinary course of business for amounts that are not yet delinquent or are being contested in good faith, (ii) Liens for Taxes, assessments or other governmental charges not yet due and payable as of the Closing Date or which are being contested in good faith and for which adequate reserves have been provided in accordance with GAAP, (iii) encumbrances and restrictions on real property (including easements, covenants, conditions, rights of way and similar restrictions) that do not materially interfere with the Company’s present uses or occupancy of such real property, (iv) Liens granted to any lender at the Closing in connection with any financing by Acquiror of the transactions contemplated hereby, (v) zoning, building codes and other land use Laws regulating the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Entity having jurisdiction over such real property and which are not violated by the current use or occupancy of such real property or the operation of the businesses of the Company or any violation of which would not have had or reasonably be expected to have a Company Material Adverse Effect, (vi) matters that would be disclosed by an accurate survey or inspection of the real property, (vii) Liens described on Schedule 1.1(c) and (viii) any right, interest, Lien or title of a licensor, sublicensor, licensee, sublicensee, lessor or sublessor under any license or lease agreement or in the property being leased or licensed, which has been disclosed to Acquiror. Notwithstanding the foregoing, no Lien or encumbrance arising under or with respect to an Employee Benefit Plan shall be a Permitted Lien.

“Person” means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, Governmental Entity, trust, joint venture, association or other similar entity, whether or not a legal entity.

“Pre-Closing Tax Period” means any taxable year or period that ends on or before the Closing Date and, with respect to any taxable year or period beginning before and ending after the Closing Date, the portion of such taxable year or period ending on but excluding the Closing Date. For purposes of this Agreement, in the case of any taxable year or period of the Company which includes the Closing Date (but does not end on that day), (i) Per Diem Taxes allocable to

the Pre-Closing Tax Period shall be equal to the amount of such Per Diem Taxes for the entire taxable year or period multiplied by a fraction, the numerator of which is the number of days during the taxable year or period that are in the Pre-Closing Tax Period and the denominator of which is the number of days in the entire taxable year or period, and (ii) Taxes (other than Per Diem Taxes) of the Company for the Pre-Closing Tax Period shall be computed as if such taxable year or period (and the taxable year or period of any entity taxable as a partnership in which the Company owns a direct or indirect interest) ended as of the open of business on the Closing Date.

“Pre-Closing Tax Refund” means (i) any refund of Taxes for a taxable period ending on or before the Closing Date received by the Company after the Closing Date and (ii) the amount of any refund of Taxes that would have been received by the Company had any taxable period that includes but does not end on the Closing Date ended on the Closing Date.

“Proceeding” means any action, suit, claim, hearing, proceeding, arbitration, investigation, audit, inquiry, or mediation by or before any Governmental Entity or other Person.

“PropCo” has the meaning set forth in the recitals to this Agreement.

“Resolution Period” has the meaning set forth in Section 2.6(c).

“Schedules” has the meaning set forth in Section 6.8(b).

“SEC” has the meaning set forth in Section 5.5(a).

“Securities Act” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“SHC Common Units” has the meaning set forth in the recitals to this Agreement.

“SHC Subordinated Units” has the meaning set forth in the recitals to this Agreement.

“SPOC” means Susser Petroleum Operating Company LLC, a Delaware limited liability company.

“Straddle Periods” has the meaning set forth in Section 6.2(b).

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a

majority of such business entity's gains or losses or shall be a, or control any, managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary. References in this Agreement to Subsidiaries of the Company prior to the Closing shall not include the Acquiror Group.

"SUN Class A Interests" has the meaning set forth in the recitals to this Agreement.

"SUN Interests" has the meaning set forth in the recitals to this Agreement.

"Target Net Working Capital" means the amount of Net Working Capital set forth on Schedule 1.1(d).

"Tax" means any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, real property gains, registration, value added, excise, natural resources, severance, stamp, occupation, windfall profits, environmental (under Section 59A of the Code), customs, duties, real property, personal property, capital stock, social security (or similar), unemployment, disability, payroll, license, employee or other withholding, or other tax, of any kind whatsoever and any interest, penalties or additions to tax in respect of the foregoing (whether disputed or not).

"Taxing Authority" means, with respect to any Tax, the Governmental Entity that imposes such Tax and the agency (if any) charged with the collection or administration of such Tax for such entity.

"Tax Proceeding" has the meaning set forth in Section 6.2(d).

"Tax Return" has the meaning set forth in Section 3.11(a).

"Termination Date" has the meaning set forth in Section 8.1(d).

"Third Party Claim" has the meaning set forth in Section 9.5(a).

"Transfer Taxes" has the meaning set forth in Section 6.2(f).

"Unit Consideration" has the meaning set forth in Section 2.1(b).

"Update" has the meaning set forth in Section 6.8(b).

ARTICLE 2 THE TRANSACTIONS

Section 2.1 Modification of SUN Interests; Contribution of the Acquired Interests.

(a) Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, the following actions shall occur in the following order:

(i) The Acquiror Partnership Agreement Amendment shall be adopted and become effective;

(ii) The Company shall cause Stripes LLC to transfer, assign and convey to Acquiror the SHC Common Units and in exchange therefore, Acquiror shall issue the Exchange Class A Units to Stripes LLC, and the SHC Common Units shall be cancelled and have no further force and effect;

(iii) the SHC Subordinated Units shall automatically be converted into the Conversion Class A Units; and

(iv) Contributors shall contribute, transfer, assign and convey to Acquiror the Acquired Interests, free and clear of all Liens (other than restrictions on transfer imposed by applicable federal, state and other securities Laws), in exchange for the Consideration. Immediately thereafter, Acquiror shall contribute, transfer, assign and convey to SPOC the Acquired Interests. Immediately thereafter, Acquiror shall cause SPOC to contribute, transfer, assign and convey to PropCo the Acquired Interests.

(b) The consideration to be delivered by Acquiror to HHI and ETP Holdco in exchange for the contribution of the Acquired Interests at the Closing shall be an aggregate amount equal to \$1,933,710,671 (the “Consideration”), which amount shall be payable (i) \$966,855,336 in cash, as adjusted pursuant to Section 2.5 (the “Cash Consideration”), and (ii) by the issuance by Acquiror of 21,978,980 Acquiror Class B Units (the “Class B Unit Consideration”), valued at the Issue Price. In addition, Acquiror shall issue to HHI and ETP Holdco 10,939,436 Acquiror Subordinated Units and 79,308 Acquiror Common Units (together with the Class B Unit Consideration, the “Unit Consideration”). The Cash Consideration and the Unit Consideration shall be allocated between the Contributors as set forth on Schedule 2.1(b). The Unit Consideration shall be issued to Contributors free and clear of all Liens (other than restrictions on transfer imposed by applicable federal, state and other securities Laws and other than as provided in the Acquiror Partnership Agreement, as further amended by the Acquiror Partnership Agreement Amendment).

(c) The Parties shall cooperate to cause (i) Computershare to reflect the cancellation of the SUN Interests and (ii) the General Partner to reflect the issuance of the SUN Class A Interests on the books and records of Acquiror.

Section 2.2 Closing of the Transactions Contemplated by this Agreement. The closing of the transactions contemplated by this Agreement (the “Closing”) shall take place at 10:00 a.m., Houston time, on the third (3rd) Business Day after satisfaction (or waiver) of the conditions set forth in Article 7 (other than those conditions to be satisfied by the delivery of documents or taking of any other action at the Closing by any Party, but subject to the satisfaction thereof) (the “Closing Date”) at the offices of Akin Gump Strauss Hauer & Feld, LLP, 1111 Louisiana Street, 44th Floor, Houston, Texas 77002, unless another time, date or place is agreed to in writing by Acquiror and Contributors. In lieu of a physical Closing, the Parties agree that all requisite Closing documents may be exchanged electronically at the Closing, and that documents so exchanged shall be binding for all purposes.

Section 2.3 Deliveries at the Closing.

(a) Deliveries by Contributors. At the Closing, Contributors shall deliver or cause to be delivered, each of the following:

(i) to Acquiror, stock certificates representing the Acquired Interests and accompanying stock powers duly executed by Contributors effecting the transfer to Acquiror of ownership of all of the Acquired Interests;

(ii) to Acquiror, a certificate of an authorized officer of the Company and each Contributor, dated as of the Closing Date, to the effect that the conditions specified in Section 7.2(a), Section 7.2(b) and Section 7.2(c) have been satisfied by the Company and Contributors (the “Company Certificate”);

(iii) to Acquiror, a certified copy of the resolutions of the Company’s and each Contributor’s board of directors (or other governing body) authorizing the execution and delivery of the Agreement and the consummation of the transactions contemplated hereby;

(iv) to Acquiror, a certified copy of the resolutions adopted by each of the board of directors and the conflicts committee of the board of directors of the general partner of Contributor Guarantor authorizing the execution and delivery of the Agreement and the consummation of the transactions contemplated thereby;

(v) to Acquiror, a certificate that meets the requirements of Treasury Regulation Section 1.1445-2(b)(4) stating that each Contributor is not a foreign person as defined in said Section 1445 and applicable regulations thereunder;

(vi) to Acquiror, a certificate of good standing of the Company as of a recent date certified by the Secretary of State of the State of Delaware; and

(vii) to Acquiror and/or Computershare, as applicable, the SUN Interests and documentation reasonably necessary for the SUN Class A Interests to be recorded on the books and records of Acquiror.

(viii) To Acquiror, documentation reasonably satisfactory to Acquiror evidencing the cancellation of the notes payable set forth on Schedule 2.3(a).

(b) Deliveries by Acquiror. At the Closing, Acquiror shall deliver or cause to be delivered, each of the following:

(i) to Contributors, the Unit Consideration as specified in Schedule 2.1(b), in book entry form or certificated form, as determined by Acquiror, together with any reasonably requested evidence of issuance thereof;

(ii) to Contributors, the Cash Consideration as specified in Schedule 2.1(b), by wire transfer of immediately available funds to an account or accounts specified by each such Contributor no later than one (1) Business Day prior to the Closing Date;

(iii) to Contributors, (a) stock powers duly executed by Acquiror effecting the transfer from Acquiror to SPOC of ownership of all of the Acquired Interests and (b) stock powers duly executed by SPOC effecting the transfer from SPOC to PropCo of ownership of all of the Acquired Interests;

(iv) to Contributors, a certificate of an authorized officer of Acquiror, dated as of the Closing Date, to the effect that the conditions specified in Section 7.3(a), Section 7.3(b), Section 7.3(c) and Section 7.3(d) have been satisfied by Acquiror (the “Acquiror Certificate”);

(v) to Contributors, a certified copy of the resolutions of (a) the Special Committee recommending approval by the board of directors of the General Partner of the Agreement and the consummation of the transactions contemplated hereby; and (b) the board of directors of the General Partner approving and authorizing the execution and delivery of the Agreement and the Acquiror Partnership Agreement Amendment and the consummation of the transactions contemplated hereby;

(vi) to Contributors, the Acquiror Partnership Agreement Amendment, which shall have been duly executed by the General Partner; and

(vii) to the Company and/or Computershare, as applicable (with a copy to Contributors), the SUN Class A Interests and documentation reasonably necessary for the SUN Class A Interests to be recorded on the books and records of Acquiror.

Section 2.4 Tax Treatment of Consideration. The Parties intend, solely for U.S. federal income Tax purposes, that (a) ETP Holdco will contribute a portion of the Acquired Interests to Acquiror in exchange for the portion of the Unit Consideration set forth opposite the name of ETP Holdco on Schedule 2.1(b) in a transaction consistent with the requirements of Section 721(a) of the Code, (b) HHI will contribute a portion of the Acquired Interests to Acquiror in exchange for (i) the portion of the Unit Consideration set forth opposite the name of HHI on Schedule 2.1(b) in a transaction consistent with the requirements of Section 721(a) of the Code, and (ii) the reimbursement of HHI’s preformation capital expenditures with respect to the Acquired Interests within the meaning of Treas. Reg. 1.707-4(d) to the extent applicable, and (c) HHI will sell a portion of the Acquired Interests to Acquiror in exchange for the Cash Consideration (other than Cash Consideration equal to the amount of preformation capital expenditures described in Section 2.3(b)(ii)). The Parties shall act at all times in a manner consistent with the foregoing provisions of this Section 2.4 and agree to file all Tax Returns in a manner consistent with such treatment except as otherwise required by applicable Law.

Section 2.5 Closing Payment Estimates. At least two (2) Business Days prior to the Closing Date, Contributors shall prepare and deliver or cause to be prepared and delivered to Acquiror a statement containing the Contributors’ good faith calculation of the Net Working Capital as of the Closing Date for the Company, based on the Company Financial Statements and consistent with the methodology for the Company set forth on Schedule 2.5 (collectively, the “Estimated Closing Net Working Capital”). Contributors’ calculation of the Estimated Closing Net Working Capital shall be determined in accordance with GAAP applied using the accounting principles, practices and methods that were used in the preparation of the Company Financial

Statements and consistent with the methodology for the Company Group set forth on Schedule 2.5. If the Estimated Closing Net Working Capital exceeds the Target Net Working Capital, the Cash Consideration shall be increased by the amount of such excess. If the Estimated Closing Net Working Capital is less than the Target Net Working Capital, then the Cash Consideration shall be decreased by the amount of such deficit.

Section 2.6 Post-Closing Payment Reconciliation.

(a) Prior to or on the date that is ninety (90) days after the Closing Date, Acquiror shall prepare and deliver or cause to be prepared and delivered to Contributors a statement (the “Adjustment Statement”) that shall set forth Acquiror’s good faith calculation of the Net Working Capital as of the Closing Date for the Company Group, based on the Company Financial Statements and consistent with the methodology for the Company Group set forth on Schedule 2.5 (collectively, the “Closing Net Working Capital”). Acquiror’s calculation of the Closing Net Working Capital shall be determined in accordance with GAAP applied using the accounting principles, practices and methods that were used in the preparation of the Company Financial Statements and consistent with the methodology for the Company Group set forth on Schedule 2.5.

(b) After receipt of the Adjustment Statement, Contributors shall have thirty (30) days to review the factual basis, mathematical calculations and accounting methods used therein. On or prior to the thirtieth (30th) day after receipt of the Adjustment Statement, Contributors shall deliver written notice to Acquiror specifying any disputed items (the “Initial Reconciliation Disputes”) and the basis therefor and amount thereof. If Contributors fail to notify Acquiror of any Initial Reconciliation Disputes on or prior to the thirtieth (30th) day after receipt of the Adjustment Statement, then all calculations and valuations of the Closing Net Working Capital set forth on the Adjustment Statement shall be deemed accepted by Contributors and shall be final, binding, conclusive and non-appealable for all purposes of this Agreement.

(c) If Contributors notifies Acquiror of any Initial Reconciliation Disputes in accordance with Section 2.6(b), then Acquiror and Contributors shall, over the fifteen (15) days following the date of such notice (the “Resolution Period”), attempt in good faith to resolve the Initial Reconciliation Disputes, and any written resolution by them as to any disputed item shall be final, binding, conclusive and non-appealable for all purposes of this Agreement. If, at the conclusion of the Resolution Period, Acquiror and Contributors have not reached an agreement on all disputed items, then all Initial Reconciliation Disputes then remaining in dispute (the “Final Reconciliation Disputes”) shall be submitted by Acquiror and Contributors to an Independent Auditor upon which Acquiror and Contributors shall reasonably agree prior to expiration of the Resolution Period. All fees and expenses relating to the work, if any, to be performed by such Independent Auditor pursuant to this Section 2.6 shall be borne by Contributors, on the one hand, and by Acquiror, on the other hand, based upon the percentage that the amount ultimately awarded or not awarded, as applicable, to such Party by such Independent Auditor bears to the amount actually contested by such Party in the Final Reconciliation Disputes. Except as provided in the preceding sentence, all other costs and expenses incurred by the Parties in connection with resolving any Final Reconciliation Disputes hereunder before such Independent Auditor shall be borne by the Party incurring such cost and

expense. With respect to each disputed line item of the Closing Net Working Capital, such Independent Auditor's final determination, if not in accordance with the position of either Contributors, on the one hand, or Acquiror, on the other hand, will not be in excess of the higher, nor less than the lower, of the amounts advocated by Acquiror in its calculation of the Closing Net Working Capital or the corresponding amounts claimed by Contributors in the initial notice of any Initial Reconciliation Disputes delivered by Contributors pursuant to Section 2.6(b). For the avoidance of doubt, the Independent Auditor shall not review any line item or make any determination with respect to any matter other than the Final Reconciliation Disputes. The Parties shall instruct the Independent Auditor to render its reasoned written decision, acting as an expert and not as an arbitrator, as soon as practicable but in no event later than sixty (60) days after its engagement (which engagement shall be made no later than ten (10) Business Days after the end of the Resolution Period). Such decision shall be determined in accordance with GAAP applied using the accounting principles, practices and methods that were used in the preparation of the Company Financial Statements and consistent with the methodology for the Company Group set forth on Section 2.6 shall be set forth in a written statement delivered to Acquiror and Contributors and shall be final, binding, conclusive and non-appealable for all purposes hereunder. Notwithstanding anything else contained herein, no Party may assert that any award issued by the Independent Auditor is unenforceable because it has not been timely rendered. The term "Final Adjustment Statement" shall mean the definitive Adjustment Statement setting forth the final determination of the Closing Net Working Capital (the "Final Closing Net Working Capital") and resulting from (i) agreement by Acquiror and Contributors during the Resolution Period or otherwise, (ii) a deemed acceptance pursuant to Section 2.6(b) and/or (iii) the determination by an Independent Auditor in accordance with this Section 2.6(c).

(d) If the Final Closing Net Working Capital is greater than the Estimated Closing Net Working Capital, then Acquiror shall pay to Contributors an amount equal to such excess in the manner set forth in Section 2.6(f). Conversely, if the Final Closing Net Working Capital is less than the Estimated Closing Net Working Capital, then Contributors shall pay to Acquiror an amount equal to such difference in the manner set forth in Section 2.6(f).

(e) For purposes of calculating Closing Net Working Capital and without limiting the provisions of Section 2.6(a) and the generality of Section 6.3, during the period of any dispute contemplated in this Section 2.6, Acquiror shall, and shall cause its Affiliates to, provide Contributors with reasonable access to the relevant books and records, facilities and employees, and their accountants' work papers, schedules and other supporting data, all during normal business hours as may be reasonably requested by Contributors.

(f) Any payment required pursuant to Section 2.6(d) shall be made by wire transfer of immediately available funds, in United States dollars, to the account or accounts designated by Acquiror or Contributors, as the case may be, within five (5) Business Days after the Final Adjustment Statement is finally determined by (i) agreement by Acquiror and Contributors during the Resolution Period or otherwise, (ii) a deemed acceptance pursuant to Section 2.6(b) or (iii) the determination by an Independent Auditor in accordance with Section 2.6(c).

ARTICLE 3
REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY GROUP

Each Contributor, jointly and severally, represents and warrants to Acquiror, as of the date of this Agreement and as of the Closing Date, as follows:

Section 3.1 Organization and Qualification .

(a) Each member of the Company Group is a legal entity duly organized, validly existing and in good standing under the Laws of its respective jurisdiction of incorporation, formation or organization, as applicable, and has all requisite corporate, partnership, limited liability company or other applicable power and authority to own, lease and operate its properties and to carry on its businesses as presently, and as it has been since December 31, 2014, conducted. The Company has made available to Acquiror copies of the Company's Governing Documents in effect as of the date of this Agreement.

(b) Each member of the Company Group is duly qualified or licensed to transact business and is in good standing in each jurisdiction in which the property and assets owned, leased or operated by it, or the nature of the business conducted by it, makes such qualification or licensing necessary, except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing would not reasonably be expected to have a Company Material Adverse Effect.

(c) The Contributors have made available true and correct copies of the respective Governing Documents of each member of the Company Group. There is no pending, or to the knowledge of the Contributors, threatened action for the dissolution, liquidation or insolvency of any member of the Company Group.

Section 3.2 Capitalization of the Company, Subsidiaries .

(a) The Acquired Interests comprise all of the Company's shares of capital stock that are issued and outstanding, the Acquired Interests have been duly authorized and validly issued and are fully paid and nonassessable and free of preemptive rights, and no holder of Acquired Interests has any obligation to make capital contributions to the Company by virtue of its ownership of such Acquired Interests. Schedule 3.2(a) accurately and completely sets forth the capital structure of the Company, including the number of shares of capital stock or other equity interests that are authorized and which are issued and outstanding. There are no outstanding (i) other equity securities of the Company, (ii) securities of the Company convertible into or exchangeable for, at any time, equity securities of the Company, (iii) Contracts defining the rights of security holders of the Company or any Contract relating to the voting of any membership interests or other ownership interests of the Company, other than pursuant to its Governing Documents, or (iv) options, subscriptions, warrants, conversion rights or Contracts of any kind outstanding or other rights to acquire from the Company or obligations of the Company to issue, any equity securities or securities convertible into or exchangeable for equity securities of the Company. At the Closing, Contributors will deliver to Acquiror the Acquired Interests, free and clear of all Liens (other than restrictions on transfer imposed by applicable federal, state and other securities Laws), and no Person has any right to acquire any other equity securities of the Company or the right to payment in respect of the value of any equity security of the Company.

(b) Except as set forth on Schedule 3.2(b), the Company does not directly or indirectly own any equity or similar interest in, or any interest convertible into or exchangeable for, at any time, any equity interest or similar interest in, any Person. The Company or a Subsidiary of the Company owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity interests of each Subsidiary of the Company set forth on Schedule 3.2(b), free and clear of any preemptive rights and any Liens other than Permitted Liens, and all of such shares of capital stock or other equity interests have been duly authorized and validly issued and are fully paid (to the extent required by the Governing Documents of the applicable Person) and nonassessable (except in the case of any Subsidiary that is a Delaware limited liability company, as such nonassessability may be affected by matters described in Sections 18-607 and 18-804 of the Delaware LLC Act).

Section 3.3 Authority. The Company has the requisite corporate power and authority to execute and deliver this Agreement and each other agreement, document, instrument and/or certificate contemplated by this Agreement to be executed in connection with the transactions contemplated hereby (the “Ancillary Documents”) to which the Company is a party and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the Ancillary Documents to which the Company is a party and the consummation of the transactions contemplated hereby have been (and the Ancillary Documents to which the Company is a party will be) duly authorized by all necessary corporate action on the part of the Company and no other proceeding on the part of the Company is necessary to authorize this Agreement and the Ancillary Documents to which the Company is a party or to consummate the transactions contemplated hereby. This Agreement has been (and the execution and delivery of each of the Ancillary Documents to which the Company is a party will be) duly and validly executed and delivered by the Company and constitute a valid, legal and binding agreement of the Company (assuming that this Agreement has been and the Ancillary Documents to which the Company is a party will be duly and validly authorized, executed and delivered by Acquiror), enforceable against the Company in accordance with their terms, except (i) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the enforcement of creditors’ rights generally and (ii) that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding thereof may be brought.

Section 3.4 Financial Statements.

(a) Attached hereto as Schedule 3.4 are true and complete copies of the following financial statements (such financial statements, the “Company Financial Statements”): (i) the audited consolidated balance sheet of the Company as of December 31, 2014, December 31, 2013 and December 31, 2012, and the related audited consolidated statements of income and cash flows for the fiscal years then ended; and (ii) the unaudited consolidated balance sheet of the Company as of March 31, 2015 (the “Latest Company Balance Sheet”), and the related unaudited consolidated statements of income and cash flows for the three-month period then ended.

(b) Except as set forth on Schedule 3.4(b), the Company Financial Statements (i) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except as may be indicated in the notes thereto, and (ii) fairly present, in all material respects, the consolidated financial position of the Company as of the dates thereof and its consolidated results of operations for the periods then ended.

(c) Except (i) as set forth set forth on Schedule 3.4(c), (ii) as and to the extent set forth on the Latest Company Balance Sheet and (iii) for liabilities and obligations (w) under this Agreement, (x) incurred in the ordinary course of business consistent with past practice since the date of the Latest Company Balance Sheet, (y) that will be included in the calculation of Net Working Capital as of the Closing Date or (z) that will be paid at Closing, the Company does not have any liability or obligation of any nature (whether accrued, absolute, contingent, determined, determinable or otherwise) that is required by GAAP to be reflected or reserved against in a balance sheet of the Company (or in the notes thereto).

Section 3.5 Consents and Approvals; No Violations. No material notices to, filings with, or authorizations, consents or approvals of any Person or Governmental Entity are necessary for the execution, delivery or performance by the Company of this Agreement or the Ancillary Documents to which any member of the Company Group is a party or the consummation by any member of the Company Group of the transactions contemplated hereby. Neither the execution, delivery or performance by any member of the Company Group of this Agreement or the Ancillary Documents to which any member of the Company Group is a party nor the consummation by any member of the Company Group of the transactions contemplated hereby will (a) conflict with or result in any breach of any provision of any member of the Company Group's Governing Documents, (b) result in a violation or breach of, or cause acceleration, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any Company Material Contract, Company Material Real Property Lease or Material Company Permit, (c) violate any Law applicable to any member of the Company Group or Order of any Governmental Entity having jurisdiction over any member of the Company Group or any of their respective properties or assets or (d) except as contemplated by this Agreement or with respect to Permitted Liens, result in the creation of any Lien upon any of the assets of any member of the Company Group, except in the case of clauses (b) through (c) above for those items which, individually or in the aggregate, would not have (or be reasonably expected to have) a Company Material Adverse Effect.

Section 3.6 Company Material Contracts.

(a) Except as set forth on Schedule 3.6(a) (all Contracts listed on Schedule 3.6(a) together with any other Contracts entered into in the ordinary course of business involving payments or receipts in excess of \$3,000,000, collectively, the "Company Material Contracts") and except for this Agreement and except for any Company Material Real Property Lease, none of the members of the Company Group is a party to or bound by, nor are any of their respective properties or assets bound by, any:

- (i) Contract that provides non-compete arrangements with any individual or employee;

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- (ii) Contract under which any member of the Company Group is a lessee of or holds or operates any tangible property (other than real property), owned by any other Person, except for any Contract under which the aggregate annual rental payments do not exceed \$3,000,000;
- (iii) Contract under which any member of the Company Group is a lessor of or permits any third party to hold or operate any tangible property (other than real property), owned or controlled by any member of the Company Group, except for any Contract under which the annual rental payments do not exceed \$3,000,000;
- (iv) partnership agreements and joint venture agreements relating to any member of the Company Group;
- (v) Contract of indemnification or guaranty of any obligation for borrowed money or other material guaranty of any Person, including between any member of the Company Group and any of their respective officers, directors or employees, in each case, other than any such agreements or guarantees that are entered into in the ordinary course of business;
- (vi) Contract prohibiting any member of the Company Group from freely engaging in any material business, including restrictions on any member of the Company Group's ability to compete;
- (vii) collective bargaining agreement;
- (viii) Contract or group of related Contracts with the same party for the purchase of product, services, marketing or advertising, involving payments in excess of \$3,000,000, except for agreements entered into in the ordinary course of business;
- (ix) Contract or group of related Contracts with the same party for the sale of products, services, marketing or advertising, under which the undelivered balance of such products or services has a sales price in excess of \$3,000,000, except for agreements entered into in the ordinary course of business;
- (x) Contract evidencing or relating to any obligations of any member of the Company Group with respect to the issuance, sale, repurchase or redemption of any equity securities;
- (xi) Contract defining the rights of security holders or any Contract relating to the voting of any shares of capital stock or other ownership interests of any member of the Company Group;
- (xii) Contract pursuant to which any Affiliate of any member of the Company Group has given any guaranty of payment or performance in favor of any member of the Company Group or provided any other credit support for the benefit of any member of the Company Group;
- (xiii) Contract with any Affiliate of any member of the Company Group;

(xiv) Contract that relates to the disposition or acquisition of assets or properties by any member of the Company Group outside of the ordinary course of business, or any merger or business combination with respect to any member of the Company Group, in each case, since January 1, 2014;

(xv) other Contract that involves the expenditure, payment or receipt of more than \$3,000,000 in the aggregate and is not terminable by any member of the Company Group party thereto without penalty on notice of 90 days or less, except for agreements entered into in the ordinary course of business; or

(xvi) Contract that would be required to be filed by the Company in a Form 10-K filing pursuant to Item 601(b)(10) of Regulation S-K.

(b) Except as set forth on Schedule 3.6(b), each Company Material Contract is valid and binding on the member of the Company Group party thereto and enforceable in accordance with its terms against the member of the Company Group party thereto and, to the knowledge of Contributors, each other party thereto (subject, in each case, to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting generally the enforcement of creditors' rights and subject to general principles of equity). Except as set forth on Schedule 3.6(b), (i) since August 29, 2014, no member of the Company Group has received written notice of any default under any Company Material Contract and (ii) from January 1, 2014 to and including August 28, 2014, to Contributors' knowledge, no member of the Company Group received written notice of any default under any Company Material Contract, in each case, which has not been cured. No member of the Company Group is in breach or violation of or default under any Company Material Contract, and, to such Contributor's knowledge, no other party to any Company Material Contract is in breach or violation of or default under any such Contract. There does not exist any event which (with or without notice, passage of time, or both) would constitute a breach, violation of or default under any Company Material Contract (i) by the member of the Company Group party thereto or (ii) to such Contributor's knowledge, by any counterparty thereto, in each case, which breach, violation or default has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

Section 3.7 Absence of Changes. Except as set forth on Schedule 3.7, since the date of the Latest Company Balance Sheet, (i) there has not been any Company Material Adverse Effect and (ii) the business of the Company Group has been conducted in the ordinary course substantially consistent with past practices. Since the date of the Latest Company Balance Sheet, no member of the Company Group has:

(a) suffered any material damage, destruction or loss (whether or not covered by insurance) from fire or other casualty to its tangible property;

(b) revalued any of their respective assets, including writing off notes or accounts receivable other than in the ordinary course of business in amounts that are not, individually or in the aggregate, material to the business of the Company Group, taken as a whole;

(c) made any capital expenditures or commitments therefor involving amounts that exceed \$3,000,000 in the aggregate, except for capital expenditures (A) incurred in the ordinary course of business or (B) relating to the completion of those projects in progress set forth on Schedule 3.7(c);

(d) sold, leased, licensed, mortgaged, assigned or transferred any of its tangible or intangible assets, except in the ordinary course of business;

(e) suffered any extraordinary losses or canceled, waived, compromised or released any rights or claims involving amounts that exceed \$3,000,000 in the aggregate;

(f) made any investment in or loan to any Person, or acquired any business or Person, by merger or consolidation, purchase or sale of substantial assets or equity interests, or by any other manner, in a single transaction or a series of related transactions, or entered into any Contract, letter of intent or similar arrangement with respect to the foregoing;

(g) issued, sold or otherwise permitted to become outstanding any capital stock, membership interests or other equity interests, or split, combined, reclassified, repurchased or redeemed any shares of its capital stock, membership interests, or other equity interests;

(h) materially modified, changed or terminated any Company Material Contract;

(i) adopted a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization, or other material reorganization;

(j) changed its accounting principles, practices or methods except as required or permitted by Law or GAAP; or

(k) authorized, agreed, resolved or committed to any of the foregoing.

Section 3.8 Litigation. Except as set forth on Schedule 3.8, there is no Proceeding pending or, to such Contributor's knowledge, threatened or under investigation against or affecting any member of the Company Group, any of their respective properties, assets or business, or, to such Contributor's knowledge, any of their respective current or former officers or directors, in their capacity as such, before any Governmental Entity, to the extent that such Proceedings would exceed \$500,000, individually, or \$3,000,000 in the aggregate. Except as set forth on Schedule 3.8, no member of the Company Group, nor any of their respective properties, assets or business, or, to such Contributor's knowledge, any of their respective current or former officers or directors, in their capacity as such, is subject to any outstanding Order.

Section 3.9 Compliance with Applicable Law. Except as set forth on Schedule 3.9, each member of the Company Group holds all material permits, licenses, approvals, certificates and other authorizations of and from all, and has made all declarations and filings with, Governmental Entities necessary for the lawful conduct of its business as presently conducted or ownership of its properties or assets (the "Material Company Permits"). Each member of the Company Group is in material compliance with all such Material Company Permits. All such Material Company Permits are valid and in full force and effect in all material respects. Each

member of the Company Group is not in and since August 29, 2014 has not been in, and during the period from January 1, 2014 to and including August 28, 2014, to Contributors' knowledge was not in, default or violation of any term, condition or provision of any such Material Company Permit applicable to it. There is no pending or, to such Contributor's knowledge, threatened Proceeding with respect to revocation, cancellation, suspension or nonrenewal of any such Material Company Permit. The business of the Company Group is operated in material compliance with all applicable Laws and Orders that are material to the operation of the Company Group's business. To such Contributors' knowledge, no member of the Company Group is under investigation with respect to any violation of any Laws or Orders that are material to the operation of its business. Since August 29, 2014, no member of the Company Group has received written notice of or, to such Contributors' knowledge, been threatened to be charged with any violation of any applicable Laws and Orders that are material to the operation of the business of the Company Group. To Contributors' knowledge, during the period from January 1, 2014 to and including August 28, 2014, no member of the Company Group received written notice of or was threatened to be charged with any violation of any applicable Laws and Orders that are material to the operation of the business of the Company Group. This Section 3.9 does not relate to environmental matters (which is the subject of Section 3.10), Tax matters (which is the subject of Section 3.11) or employee or employee benefit plan matters (which are the subject of Section 3.15).

Section 3.10 Environmental Matters.

(a) Except as set forth on Schedule 3.10:

(i) The Company Owned Real Property and the Company Leased Real Property and the operations conducted thereon by the applicable member of the Company Group are in material compliance with all applicable Environmental Laws.

(ii) Without limiting the generality of the foregoing, each member of the Company Group holds and is in material compliance with all material permits, licenses and other authorizations that are required pursuant to Environmental Laws for their respective operations as currently conducted. All such permits are in full force and effect in all material respects.

(iii) No member of the Company Group has received any currently unresolved written notice of any violation of, or any liability or investigatory, corrective or remedial obligation under, any Environmental Laws.

(iv) To such Contributor's knowledge, there has been no release of any Hazardous Substance into the environment, on any of the Company Owned Real Property or Company Leased Real Property or that has migrated from any of the Company Owned Real Property or Company Leased Real Property other than releases that are not required to be reported to a Governmental Entity or any release for which any member of the Company Group has received a no further action letter or similar clearance from the appropriate Governmental Entity.

(b) Schedule 3.10 contains a schedule of any and all pending or, to such Contributor's knowledge, threatened Proceedings against any member of the Company Group relating to the release of any hazardous substance, pollutant, contaminant or petroleum product into the environment or Laws designed to protect the environment, including claims for personal injury, property damage, natural resource damages, and cost recovery or contribution for costs to investigate or remediate any contamination attributable, in whole or in part, to contamination on any of the Company Owned Real Property or Company Leased Real Property or that has migrated from any of the Company Owned Real Property or Company Leased Real Property.

(c) Schedule 3.10 contains a schedule of (i) any and all currently unresolved written violations or notices of violation of any covenant relating to Environmental Law received by any member of the Company Group since August 29, 2014 and (ii) any and all currently unresolved violations or notices of violation of any covenant relating to Environmental Law received, to Contributors' knowledge, by any member of the Company Group during the period from January 1, 2014 to and including August 28, 2014: (A) by any landlord related to any Company Leased Real Property, (B) by any owner related to any Company Owned Real Property, or (C) from the beneficiary of any deed restriction or other restriction in connection with any Company Owned Real Property or Company Leased Real Property.

(d) Schedule 3.10 contains a list of all material insurance, indemnities, covenants, fixed-price remediation contracts, remediation agreements, state tank funds, escrows and other funds available with respect to remediation of any Company Owned Real Property or Company Leased Real Property under Environmental Laws for which any member of the Company Group has liability or potential liability.

(e) This Section 3.10 and the related bring-down of such representation in the Company Certificate contain the sole and exclusive representations and warranties of such Contributor with respect to environmental matters, including any matters arising under Environmental Laws. The disclosures in Schedule 3.10 contain the sole and exclusive exceptions to the representations and warranties made in this Section 3.10.

Section 3.11 Tax Matters . Except as set forth on Schedule 3.11 :

(a) All material tax returns, information returns, statements, forms, filings and reports (each a "Tax Return" and, collectively, the "Tax Returns") required to be filed by or with respect to any member of the Company Group, any assets of the Company Group or the operations of the Company Group have been filed with the appropriate domestic federal, state, local or foreign Taxing Authorities and each such Tax Return is true, correct and complete in all material respects. All material Taxes owed or payable by any member of the Company Group or Contributors or any of their Affiliates with respect to the Company, the assets of the Company Group or operations of the Company Group that are or have become due have been timely paid in full.

(b) Each member of the Company Group has complied in all material respects with the provisions of the Code relating to the withholding and payment of Taxes, including the withholding and reporting requirements under Code sections 1441 through 1464, 3401 through 3406, and 6041 through 6049, as well as similar provisions under any other Laws, and has, in all material respects, within the time and in the manner prescribed by Law, withheld from employee wages and paid over to the proper governmental body all amounts required.

(c) There are no Liens (other than Liens for current period Taxes that are not yet due and payable) on any asset owned by the Company Group or the Acquired Interests that are attributable to any Tax liability or payment obligation.

(d) No member of the Company Group has liability as a transferee for any Taxes for a Pre-Closing Tax Period that are payable by a Contributor.

(e) None of the Contributors with respect to the business activities of the Company nor any member of the Company Group is currently the subject of a Tax audit or examination.

(f) None of the Contributors with respect to the business activities of the Company nor any member of the Company Group has waived any statute of limitations in respect of Taxes with respect to any member of the Company Group, or has otherwise consented to extend the time, or is the beneficiary of any extension of time, in which any Tax may be assessed or collected by any Taxing Authority with respect to any member of the Company Group.

(g) None of the Contributors with respect to the business activities of the Company nor any member of the Company Group has received from any Taxing Authority any written notice of proposed adjustment, deficiency, underpayment of Taxes or any other such written notice which has not been satisfied by payment or been withdrawn.

(h) The Company currently is, and has been since its inception, classified as a “corporation” for federal income tax purposes.

(i) No written claim has been received by any member of the Company Group from any Taxing Authority in a jurisdiction where the Company Group does not file Tax Returns that any member of the Company Group (or a Contributor with respect to the business activities of the Company, as applicable) is or may be subject to taxation by that jurisdiction.

(j) No member of the Company Group has been a party to any “listed transaction” as defined in Code Section 6707A(c)(2) and Treasury Regulation Section 1.6011-4(b)(2) or similar provision of state, local or foreign Law.

(k) No member of the Company Group is a party to or bound by any Tax allocation, sharing or indemnity agreements or arrangements with any Person (other than an agreement or arrangement that is not principally Tax motivated, such as a purchase and sale contract that includes a tax indemnity).

(l) No power of attorney that is currently in force has been granted with respect to any matter relating to Taxes that could affect any member of the Company Group.

The disclosures in Schedule 3.11 contain the sole and exclusive exceptions to the representations and warranties made in this Section 3.11.

Section 3.12 Brokers. No broker, finder, financial advisor or investment banker is entitled to any broker's, finder's, financial advisor's, investment banker's fee or commission or similar payment in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of any member of the Company Group.

Section 3.13 Title to Properties and Assets. Except as to matters that would not reasonably be expected to have a Company Material Adverse Effect, each member of the Company Group has title to or rights or interests in its real property and personal property, free and clear of all Liens (subject to Permitted Liens), sufficient to allow it to conduct its business as currently being conducted.

Section 3.14 Transactions with Affiliates. Schedule 3.14 sets forth all Contracts between any member of the Company Group, on the one hand, and Affiliates of any member of the Company Group (other than any employee of any member of the Company Group who is not an officer of any member of the Company Group), on the other hand. Except as disclosed in Schedule 3.14 and to such Contributor's knowledge, no member of the Company Group nor their respective Affiliates, directors, officers or employees (a) possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person (other than any member of the Company Group) which is a material client, supplier, Dealer, customer, lessor, lessee or competitor of any member of the Company Group or (b) owns any property right, tangible or intangible, which is used by any member of the Company Group in the conduct of its business. Ownership of five (5) percent or less of any class of securities of a company or other entity whose securities are registered under the Exchange Act shall not be deemed to be a financial interest for purposes of this Section 3.14.

Section 3.15 Employees and Employee Benefit Plans.

(a) The Company does not and has not sponsored or contributed to, is required to contribute to, is a participating employer in or has any liability with respect to any Employee Benefit Plan.

(b) Schedule 3.15(b) sets forth a true and complete list of each Employee Benefit Plan that is currently sponsored, maintained, contributed to by or required to be contributed to by any member of the Company Group (each such plan, a "Company Benefit Plan").

(c) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee, contractor or consultant of the Company Group to severance pay or any other payment or benefit; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation due to any such individual; (iii) limit or restrict the right of the Company Group to merge, amend or terminate any Company Benefit Plan; (iv) increase the amount payable under or result in any other material obligation pursuant to any Company Benefit Plan; or (v) result in the forgiveness of any indebtedness of any current or former director, officer, employee, contractor or consultant.

(d) No amount paid or payable (whether in cash, in property, or in the form of benefits) in connection with the transactions contemplated by this Agreement (either alone or upon the occurrence of any additional or subsequent events) will be an “excess parachute payment” within the meaning of Section 280G of the Code. The Company Group does not have any obligation to make a “gross-up” or similar payment in respect of any Taxes that may become payable under Section 409A or 4999 of the Code.

(e) Each member of the Company Group is in compliance in all material respects with applicable Law respecting employment and employment practices, terms and conditions of employment, wages, hours of work and occupational safety and health.

Section 3.16 Company Assets. Since August 29, 2014, the assets of the Company Group have been, and during the period from January 1, 2014 to and including August 29, 2014, to the Contributors’ knowledge, the assets of the Company Group were, maintained and repaired in all material respects in the same manner as a prudent operator would maintain and repair such assets and have been, and during the period from January 1, 2014 to and including August 29, 2014, to the Contributors’ knowledge, the assets of the Company Group were, used by the Company Group in the ordinary course of business and remain as of the date hereof in suitable and adequate condition for such continued use excluding normal wear and tear. The Company’s assets are adequate to conduct the business of the Company as of the Closing in all material respects substantially in accordance with past practices.

Section 3.17 EXCLUSIVITY OF REPRESENTATIONS AND WARRANTIES. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES MADE BY CONTRIBUTORS IN ARTICLE 3 OR ARTICLE 4 OF THIS AGREEMENT AND THE COMPANY CERTIFICATE, THE ACQUIRED INTERESTS AND THE ASSETS OF THE COMPANY ARE BEING ACQUIRED ON AN AS-IS, WHERE-IS BASIS AND NEITHER CONTRIBUTOR MAKES ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, REGARDING THE COMPANY AND ANY AND ALL OTHER REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF CONTRIBUTORS

Each Contributor hereby represents and warrants to Acquiror, jointly and severally, as of the date of this Agreement and as of the Closing Date, as follows:

Section 4.1 Organization and Qualification.

(a) Such Contributor is a corporation, duly organized and validly existing and in good standing under the Laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties and carry on its businesses as presently, and as it has been since December 31, 2014, conducted. Such Contributor has made available to Acquiror copies of its Governing Documents in effect as of the date of this Agreement.

(b) Such Contributor is duly qualified or licensed to transact business and is in good standing in each jurisdiction in which the property and assets owned, leased or operated by

it, or the nature of the business conducted by it, makes such qualification or licensing necessary, except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing would not prevent or materially delay the consummation of the transactions contemplated hereby.

Section 4.2 Authority. Such Contributor has the requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Documents to which such Contributor is a party and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the Ancillary Documents to which such Contributor is a party and the consummation of the transactions contemplated hereby have been (and such Ancillary Documents to which such Contributor is a party will be) duly authorized by all necessary corporate action on the part of such Contributor and no other proceeding (including by its stockholders) on the part of such Contributor is necessary to authorize this Agreement and the Ancillary Documents to which such Contributor is a party or to consummate the transactions contemplated hereby. No vote of such Contributor's equityholders is required to approve this Agreement or for Contributor to consummate the transactions contemplated hereby. This Agreement has been (and the execution and delivery of each of the Ancillary Documents to which such Contributor is a party will be) duly and validly executed and delivered by such Contributor and constitute a valid, legal and binding agreement of such Contributor (assuming this Agreement has been and the Ancillary Documents to which such Contributor is a party will be duly and validly authorized, executed and delivered by the other parties thereto), enforceable against such Contributor in accordance with their terms, except (i) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the enforcement of creditors' rights generally and (ii) that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding thereof may be brought.

Section 4.3 Consents and Approvals; No Violations. No material notices to, filings with, or authorizations, consents or approvals of any Person or Governmental Entity are necessary for the execution, delivery or performance by such Contributor of this Agreement or the Ancillary Documents to which such Contributor is a party or the consummation by Contributors of the transactions contemplated hereby, except for those the failure of which to obtain or make would not have a material adverse effect on such Contributor's ownership of the Acquired Interests, or otherwise prevent or materially delay the Closing. Neither the execution, delivery and performance by such Contributor of this Agreement or the Ancillary Documents to which such Contributor is a party nor the consummation by such Contributor of the transactions contemplated hereby will (a) conflict with or result in any breach of any provision of such Contributor's Governing Documents, (b) result in a violation or breach of, or cause acceleration, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any material agreement to which such Contributor is a party or (c) violate any Order of any Governmental Entity having jurisdiction over such Contributor, which in the case of any of clauses (b) through (c) above, would have a material adverse effect on such Contributor's ownership of the Acquired Interests, or otherwise prevent or materially delay the Closing.

Section 4.4 Title to the Acquired Interests. Such Contributor owns of record and beneficially 66 shares of common stock of the Company, in the case of HHI, and 34 shares of common stock of the Company, in the case of ETP Holdco, and such Contributor has good and marketable title to the Acquired Interests owned by such Contributor, free and clear of all Liens.

Section 4.5 Litigation. There is no Proceeding pending or, to such Contributor's knowledge, threatened against such Contributor before any Governmental Entity which would have a material adverse effect on such Contributor's ownership of the Acquired Interests, or otherwise prevent or materially delay the Closing or otherwise prevent such Contributor from complying with the terms and provisions of this Agreement. Such Contributor is not subject to any outstanding Order that would have a material adverse effect on such Contributor's ownership of the Acquired Interests, or otherwise prevent or materially delay the Closing.

Section 4.6 Brokers. No broker, finder, financial advisor or investment banker, other than Tudor, Pickering, Holt & Co., is entitled to any broker's, finder's, financial advisor's, investment banker's fee or commission or similar payment in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of such Contributor.

Section 4.7 Investigation; No Other Representations.

(a) Such Contributor has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Unit Consideration and is capable of bearing the economic risk of such investment. Such Contributor is an "accredited investor" as that term is defined in Rule 501 of Regulation D (without regard to Rule 501(a)(4)) promulgated under the Securities Act. Such Contributor is acquiring the Unit Consideration for investment for its own account and not with a view toward or for sale in connection with any distribution thereof, or with any present intention of distributing or selling the Unit Consideration. Such Contributor is not a party to any Contract or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to the Unit Consideration in violation of applicable Law. Such Contributor acknowledges and understands that (i) the acquisition of the Unit Consideration has not been registered under the Securities Act in reliance on an exemption therefrom and (ii) that the Unit Consideration will, upon the issuance by Acquiror, be characterized as "restricted securities" under state and federal securities Laws. Such Contributor agrees that the Unit Consideration may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of except pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act, and in compliance with other applicable state and federal securities Laws.

(b) Such Contributor (i) has conducted its own independent review and analysis of, and, based thereon, has formed an independent judgment concerning, the business, assets, condition, operations and prospects of the Acquiror Group, and (ii) has been furnished with or given full access to such documents and information about the Acquiror Group and their respective businesses and operations as it and its representatives and advisors have deemed necessary to enable it to make an informed decision with respect to the execution, delivery and performance of this Agreement and the transactions contemplated hereby. Such Contributor has

received all materials relating to the business of the Acquiror Group that it has requested and has been afforded the opportunity to obtain any additional information necessary to verify the accuracy of any such information or of any representation or warranty made by Acquiror herein or to otherwise evaluate the merits of the transactions contemplated hereby. Acquiror has answered to such Contributor's satisfaction all inquiries that such Contributor and its representatives and advisors have made concerning the business of the Acquiror Group or otherwise relating to the transactions contemplated hereby.

(c) In entering into this Agreement, such Contributor has relied solely upon its own investigation and analysis and the representations and warranties of the Acquiror Parties expressly contained in Article 5 and the Acquiror Certificate and such Contributor acknowledges that, other than as set forth in this Agreement (as modified by the Schedules) and the certificates or other instruments delivered pursuant hereto, none of Acquiror, the members of the Acquiror Group or any of their respective directors, officers, employees, Affiliates, stockholders, agents or representatives makes or has made any representation or warranty, either express or implied, (x) as to the accuracy or completeness of any of the information provided or made available to such Contributor or any of its respective agents, representatives, lenders or Affiliates prior to the execution of this Agreement (other than, for the avoidance of doubt, as set forth in this Agreement) or (y) with respect to any projections, forecasts, estimates, plans or budgets of future revenues, expenses or expenditures, future results of operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof) of any member of the Acquiror Group heretofore or hereafter delivered to or made available to such Contributor or any of its respective agents, representatives, lenders or Affiliates. It is understood that any cost estimates, projections or other predictions, any data, any financial information or any memoranda or offering materials or presentations are not and shall not be deemed to be or to include representations or warranties of any member of the Acquiror Group or Acquiror (other than, for the avoidance of doubt, as set forth in this Agreement as modified by the Schedules), and are not and shall not be deemed to be relied upon by such Contributor in executing, delivering and performing this Agreement and the transactions contemplated hereby.

Section 4.8 Management Projections and Budget. The projections and budget set forth on Schedule 4.8 provided to Acquiror by Contributors as part of Acquiror's review in connection with this Agreement were prepared by management of Contributors in good faith based on assumptions that they believe to be reasonable as of the date of this Agreement and are consistent with Contributors' management's expectations as of the date of this Agreement.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE ACQUIROR PARTIES

Acquiror hereby represents and warrants to Contributors as follows:

Section 5.1 Organization and Qualification.

(a) Acquiror is a limited partnership duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all requisite limited partnership power and authority to own, lease and operate its properties and carry on its businesses as presently, and as it has been since December 31, 2014, conducted. Acquiror has made available to Contributors copies of its Governing Documents in effect as of the date of this Agreement.

(b) The General Partner is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all requisite company power and authority to own, lease and operate its properties and carry on its businesses as presently, and as it has been since December 31, 2014, conducted. The General Partner has made available to Contributors copies of its Governing Documents in effect as of the date of this Agreement.

(c) Each member of the Acquiror Group is duly qualified or licensed to transact business and is in good standing in each jurisdiction in which the property and assets owned, leased or operated by it, or the nature of the business conducted by it, makes such qualification or licensing necessary, except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing would not reasonably be expected to have an Acquiror Material Adverse Effect

Section 5.2 Authority. Each Acquiror Party has the requisite limited partnership or limited liability company power and authority to execute and deliver this Agreement, the Acquiror Partnership Agreement Amendment and the Ancillary Documents to which each Acquiror Party is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement, the Acquiror Partnership Agreement Amendment and the Ancillary Documents to which any Acquiror Party is a party, the conversion of the SUN Interests into SUN Class A Interests, and the consummation of the transactions contemplated hereby and thereby have been (and the Ancillary Documents to which any Acquiror Party is a party and the Acquiror Partnership Agreement Amendment will be) duly authorized by all requisite limited partnership or limited liability company power or other organizational action on the part of such Acquiror Party and no further consent, approval or action is required by or from either Acquiror Party or any of their respective equityholders or creditors in connection with the transactions contemplated hereby and thereby, other than the execution and delivery of the Acquiror Partnership Agreement Amendment by the General Partner at the Closing. This Agreement has been (and the execution and delivery of each of the Ancillary Documents to which any Acquiror Party is a party and the Acquiror Partnership Agreement Amendment will be) duly and validly executed and delivered by the Acquiror Party party thereto and constitutes a valid, legal and binding agreement of such Acquiror Party (assuming this Agreement has been and the Ancillary Documents to which any Acquiror Party is a party will be duly and validly authorized, executed and delivered by Contributors, the Company and Contributor Guarantor, to the extent a party thereto), enforceable against the applicable Acquiror Parties in accordance with its terms, except (i) to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting the enforcement of creditors' rights generally and (ii) that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding thereof may be brought.

Section 5.3 Consents and Approvals; No Violations. Except for those that have been obtained or made prior to the date hereof, no material notices to, filings with, or authorizations, consents or approvals of any Person or Governmental Entity are necessary for the execution,

delivery or performance by the Acquiror Parties of this Agreement, the Acquiror Partnership Agreement Amendment or the Ancillary Documents to which any Acquiror Party is a party or the consummation by the Acquiror Parties of the transactions contemplated hereby. Neither the execution, delivery and performance by the Acquiror Parties of this Agreement, the Acquiror Partnership Agreement Amendment or the Ancillary Documents to which any Acquiror Party is a party nor the consummation by the Acquiror Parties of the transactions contemplated hereby will (a) conflict with or result in any breach of any provision of any Acquiror Party's Governing Documents, (b) result in a violation or breach of, or cause acceleration, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any indenture, mortgage, agreement, contract, commitment, license, concession, permit, lease or other instrument to which any member of the Acquiror Group is a party, or (c) violate any Order of any Governmental Entity having jurisdiction over any member of the Acquiror Group or any of their respective properties or assets, which in the case of any of clauses (b) through (c) above, would have a Acquiror Material Adverse Effect.

Section 5.4 Valid Issuance; Listing.

(a) At Closing, the offer and sale of the Unit Consideration, the conversion of the SHC Subordinated Units into the Conversion Class A Units and the exchange of the SHC Common Units for the Exchange Class A Units will have been duly authorized by the Acquiror Parties pursuant to the Acquiror Partnership Agreement, as further amended by the Acquiror Partnership Agreement Amendment, and when issued and delivered to Contributors, in the case of the Unit Consideration, when converted into the Conversion Class A Units, in the case of the SHC Subordinated Units, and when exchanged for the Exchange Class A Units, in the case of the SHC Common Units, each in accordance with the terms of this Agreement and the Acquiror Partnership Agreement, as further amended by the Acquiror Partnership Agreement Amendment, the Unit Consideration and the SUN Class A Interests will be validly issued, fully paid (to the extent required by the Acquiror Partnership Agreement) and nonassessable (except as such nonassessability may be affected by matters described in Sections 17-303, 17-607 and 17-804 of the Delaware LP Act) and free and clear of all Liens (other than restrictions on transfer imposed by applicable federal, state and other securities Laws and other than as provided in the Acquiror Partnership Agreement, as further amended by the Acquiror Partnership Agreement Amendment).

(b) The currently outstanding Acquiror Common Units are listed on the New York Stock Exchange, and Acquiror has not received any notice of delisting.

Section 5.5 Financial Statements.

(a) Acquiror has furnished or filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by Acquiror with the Securities and Exchange Commission (the "SEC") since December 31, 2013 (such documents being collectively referred to as the "Acquiror SEC Documents").

(b) Each Acquiror SEC Document (i) at the time filed, complied in all material respects with the requirements of the Exchange Act and the Securities Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Acquiror SEC Document and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) Each of the financial statements of Acquiror included in the Acquiror SEC Documents complied at the time it was filed as to form in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods presented thereby and fairly present in all material respects the consolidated financial position and operating results, equity and cash flows of Acquiror as of, and for the periods ended on, the respective dates thereof, subject, however, in the case of unaudited financial statements, to normal year-end audit adjustments and accruals and the absence of notes and other textual disclosures as permitted by Form 10Q of the SEC.

Section 5.6 Absence of Changes. Except as set forth in any Acquiror SEC Document, since the date of the Latest Acquiror Balance Sheet, there has not been any Acquiror Material Adverse Effect.

Section 5.7 Litigation. Except as set forth on Schedule 5.7, there is no Proceeding pending or, to Acquiror's knowledge, threatened or under investigation against or affecting any member of the Acquiror Group, any of their respective properties, assets or business, or, to Acquiror's knowledge, any of their respective current or former officers or directors, in their capacity as such, before any Governmental Entity, to the extent that such Proceedings would exceed \$500,000, individually, or \$3,000,000 in the aggregate. Except as set forth on Schedule 5.7, no member of the Acquiror Group, nor any of their respective properties, assets or business, or, to Acquiror's knowledge, any of their respective current or former officers or directors, in their capacity as such, is subject to any outstanding Order.

Section 5.8 Tax Matters. Since the date of its formation, Acquiror has been classified as a partnership for federal income tax purposes, and as of the Closing Date, 90% or more of Acquiror's gross income is from "qualifying income" sources (as defined in Section 7704(d) of the Code).

Section 5.9 Brokers. No broker, finder, financial advisor or investment banker, other than Perella Weinberg Partners LP (which will be paid by Acquiror), is entitled to any brokerage, finder's, financial advisor's or investment banker's fee or commission or similar payment in connection with the transactions contemplated by this Agreement based upon arrangements made by and on behalf of any member of the Acquiror Group or any of their respective Affiliates for which Contributors or the Company may become liable.

Section 5.10 Solvency. Immediately after giving effect to the transactions contemplated by this Agreement, no member of the Acquiror Group (excluding the Company

after the Closing) will (a) be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the fair salable value of its assets is less than the amount required to pay its probable liability on its existing debts as they mature), (b) have unreasonably small capital with which to engage in its business or (c) have incurred debts beyond its ability to pay as they become due.

Section 5.11 Investigation; No Other Representations.

(a) Acquiror and PropCo each has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Acquired Interests and is capable of bearing the economic risk of such investment. Acquiror and PropCo are each an “accredited investor” as that term is defined in Rule 501 of Regulation D (without regard to Rule 501(a)(4)) promulgated under the Securities Act. PropCo is acquiring the Acquired Interests for investment for its own account and not with a view toward or for sale in connection with any distribution thereof, or with any present intention of distributing or selling the Acquired Interests. Neither Acquiror nor PropCo is a party to any Contract or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to the Acquired Interests in violation of applicable Law. Acquiror and PropCo acknowledge and understand that (i) the acceptance of the Acquired Interests has not been registered under the Securities Act in reliance on an exemption therefrom and (ii) that the Acquired Interests will, upon their contribution by Contributors, be characterized as “restricted securities” under state and federal securities Laws. Acquiror and PropCo agree that the Acquired Interests may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of except pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act, and in compliance with other applicable state and federal securities Laws.

(b) Acquiror, on its behalf and on behalf of PropCo, (i) has conducted its own independent review and analysis of, and, based thereon, has formed an independent judgment concerning, the business, assets, condition, operations and prospects of the Company, and (ii) has been furnished with or given full access to such documents and information about the Company and its respective businesses and operations as it and its representatives and advisors have deemed necessary to enable it to make an informed decision with respect to the execution, delivery and performance of this Agreement and the transactions contemplated hereby. Acquiror, on its behalf and on behalf of PropCo, has received all materials relating to the business of the Company that it has requested and has been afforded the opportunity to obtain any additional information necessary to verify the accuracy of any such information or of any representation or warranty made by the Company or Contributors herein or to otherwise evaluate the merits of the transactions contemplated hereby. Contributors and the Company have answered to Acquiror’s satisfaction all inquiries that Acquiror and its representatives and advisors have made on its behalf or on behalf of PropCo concerning the business of the Company or otherwise relating to the transactions contemplated hereby.

(c) In entering into this Agreement, Acquiror has relied solely upon its own investigation and analysis and the representations and warranties of the Company and Contributors expressly contained in Article 3 and Article 4, respectively, and the Company Certificate and Acquiror acknowledges that, other than as set forth in this Agreement (as

modified by the Schedules) and the certificates or other instruments delivered pursuant hereto, none of Contributors, the Company or any of their respective directors, officers, employees, Affiliates, stockholders, agents or representatives makes or has made any representation or warranty, either express or implied, (x) as to the accuracy or completeness of any of the information provided or made available to Acquiror or any of its respective agents, representatives, lenders or Affiliates prior to the execution of this Agreement (other than, for the avoidance of doubt, as set forth in this Agreement) or (y) with respect to any projections, forecasts, estimates, plans or budgets of future revenues, expenses or expenditures, future results of operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof) of the Company heretofore or hereafter delivered to or made available to Acquiror or any of its respective agents, representatives, lenders or Affiliates. It is understood that any cost estimates, projections or other predictions, any data, any financial information or any memoranda or offering materials or presentations are not and shall not be deemed to be or to include representations or warranties of the Company or Contributors (other than, for the avoidance of doubt, as set forth in this Agreement as modified by the Schedules), and are not and shall not be deemed to be relied upon by Acquiror in executing, delivering and performing this Agreement and the transactions contemplated hereby.

ARTICLE 6 COVENANTS

Section 6.1 Conduct of Business of the Company. Except as contemplated by this Agreement, from and after the date hereof until the earlier of the Closing Date or the termination of this Agreement pursuant to Article 8, the Company shall and Contributors shall cause the Company to, except as consented to in writing by Acquiror (which consent shall not be unreasonably withheld, conditioned or delayed), (a) conduct its business in the ordinary and regular course in substantially the same manner heretofore conducted (including any conduct that is reasonably related, complementary or incidental thereto), (b) use commercially reasonable efforts to preserve substantially intact its goodwill and business organization and to preserve the present commercial relationships with key Persons with whom it does business (including customers, Dealers, suppliers, employees and others having material business dealings with it), (c) use commercially reasonable efforts to maintain its material assets and properties, (d) use commercially reasonable efforts to perform in all material respects and materially comply with the Company Material Contracts and materially comply with all applicable Laws and Orders and (e) not do any of the following:

(i) take or omit to take any action that would reasonably be expected to result in a Company Material Adverse Effect;

(ii) declare or pay a dividend on, or make any other distributions in respect of, its equity securities except Tax distributions by the Company to Contributors and other dividends declared and paid in a manner consistent with past practice;

(iii) issue, sell or deliver any capital stock, membership interests or other equity securities or issue or sell any securities convertible into, or options with respect to, or warrants to purchase or rights to subscribe for, any of its capital stock, membership interests or other equity securities;

(iv) effect any recapitalization, reclassification, stock or unit dividend, stock or unit split or like change;

(v) acquire or agree to acquire in any manner (whether by merger or consolidation, the purchase of an equity interest in or a material portion of the assets of or otherwise) any business or any corporation, partnership, association or other business organization or division thereof of any other Person other than the acquisition of assets in the ordinary course of business consistent with past practices;

(vi) adopt any amendments to its Governing Documents;

(vii) sell, lease, assign, license, abandon, allow to lapse, transfer or otherwise dispose of, or mortgage, pledge or permit the incurrence of any Lien on, any material assets, including Company Real Property, other than sales of products, inventory or services in the ordinary course of business consistent with past practice;

(viii) authorize any new capital expenditures or commitments exceeding \$500,000 per expenditure or commitment or \$2,500,000 in the aggregate for all such expenditures and commitments, except for capital expenditures incurred in the ordinary course of business;

(ix) except in the ordinary course of business, hire any executives or terminate the services of any existing executives, increase, accelerate or provide for additional compensation, benefits (fringe or otherwise) or other rights to any current or former employee, adopt, amend, terminate or otherwise become liable with respect to any Employee Benefit Plan that is or would be a Company Benefit Plan, or agree to do any of the foregoing;

(x) except in the ordinary course of business, grant, agree to grant, or amend or modify any grant or agreement to grant, any severance, termination or retention payment to any current or former employee;

(xi) adopt a plan or agreement of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other material reorganization;

(xii) incur or permit to exist any indebtedness for borrowed money in excess of \$260,000,000 in the aggregate (which shall be understood to exclude, for the avoidance of doubt, capital lease and operating lease obligations, obligations of variable interest entities for which the Company has no obligation and trade payables, in each case, whether or not such obligations are required to be accounted for as debt);

(xiii) change its accounting policies or procedures except to the extent required to conform with GAAP, or change its fiscal year;

(xiv) settle or compromise any pending Proceedings except in the ordinary course of business consistent with past practice;

(xv) terminate or cancel any material insurance policy naming the Company as its beneficiary or a loss payee;

(xvi) materially change the nature or scope of its business or enter into a new line of business;

(xvii) materially modify, change, renew, extend or terminate any Company Material Contract, other than renewals or extensions in the ordinary course of business;

(xviii) make or change any material Tax election or Tax method of accounting, enter into any agreement relating to Taxes, including closing agreements with Taxing Authorities, or settle or compromise any material Tax claim or liability; or

(xix) agree in writing or otherwise to do anything contained in this clause (e).

Section 6.2 Tax Matters.

(a) Contributors shall prepare and file (or cause to be prepared and filed) all Tax Returns of the Company Group with the appropriate federal, state, local and foreign Taxing Authorities due on or before the Closing Date. Contributors shall allow the Acquiror Parties to review, comment upon and reasonably approve without undue delay any such Tax Returns at least fifteen (15) days before the filing of such Tax Returns. Contributors will cause such Tax Return (as revised to incorporate the Acquiror Parties reasonable comments) to be timely filed and will provide a copy to the Acquiror Parties.

(b) Acquiror shall prepare and file, or cause to be prepared and filed, all Tax Returns required to be filed by the Company Group due after the Closing Date, including Tax Returns relating to tax periods that commence before the Closing Date and end after the Closing Date (“Straddle Periods”). Such Tax Returns shall be prepared on a basis consistent with past practice except to the extent otherwise required by applicable Law. Acquiror shall allow each Contributor to review, comment upon and reasonably approve without undue delay any such Tax Returns at least fifteen (15) days before the filing of such Tax Returns. Not later than five (5) days prior to the due date for payment of Taxes with respect to any such Tax Returns, Contributors will pay to (or at the direction of) Acquiror the amount of any Taxes shown as due on such Tax Returns that are allocable to a Pre-Closing Tax Period. Acquiror will cause such Tax Return (as revised to incorporate Contributors’ reasonable comments) to be timely filed and will provide a copy to each Contributor.

(c) Unless required by applicable Law, Acquiror shall not make any elections or file (or cause or permit the Company Group to file) any amended Tax Return by or on behalf of the Company Group with respect to any Pre-Closing Tax Period without each Contributor’s consent, such consent not to be unreasonably withheld, delayed or conditioned.

(d) Acquiror and Contributors shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the preparation, filing and execution of Tax Returns (including Tax Returns of each Contributor with respect to the business activities

of the Company Group) and any audit, litigation or other proceeding (each a “Tax Proceeding”) with respect to Taxes imposed on or with respect to the Company or the assets of the Company Group for any Pre-Closing Tax Period or Straddle Period. Such cooperation shall include the retention and (upon the other Party’s request) the provision of records and information that are reasonably relevant to any such Tax Return or Tax Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder or to testify at any such Tax Proceeding. Contributors and the Company Group agree to (and, in the case of the Company Group, will cause the Company Group to) retain all books and records with respect to Tax matters pertinent to the Company Group until six (6) months following the expiration of the statute of limitations (and any extensions thereof) of the respective Pre-Closing Tax Periods. Each Contributor shall have the right to settle, compromise or litigate any matter described above in this subsection (d) that could give rise to an indemnification obligation on the part of such Contributor pursuant to this Agreement. Acquiror and Contributors further agree, upon request, to use their commercially reasonable efforts to obtain any certificate or other document from any Taxing Authority or any other Person or take any other action as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed on any Party (including with respect to the transactions contemplated by this Agreement).

(e) The amount of all Pre-Closing Tax Refunds of the Company Group for all Pre-Closing Tax Periods shall be the property of Contributors. The Company Group will not, and Acquiror will not permit the Company Group to, forfeit, fail to collect or otherwise minimize any Pre-Closing Tax Refund whether through any election to carry forward a net operating loss or otherwise (regardless of whether Acquiror or the Company Group otherwise is legally permitted to take such action). Acquiror shall pay to HHI (and HHI shall pay to ETP Holdco its proportionate share of) any Pre-Closing Tax Refund, together with any interest thereon, received after the Closing Date within fifteen (15) days of such receipt. A Pre-Closing Tax Refund shall be “received” for purposes of this Agreement (i) on the day of receipt of any actual refund of Taxes or (ii) on the day of filing of any Tax Return that applies what would have been a Pre-Closing Tax Refund to the payment of Taxes for another taxable period.

(f) The Parties do not expect that the transfer of Acquired Interests pursuant to this Agreement will result in any state and local transfer, sales, use, registration, stamp or other similar Taxes (“Transfer Taxes”). However, if any Transfer Taxes are imposed on the transfer of the Acquired Interests pursuant to this Agreement, such Transfer Taxes shall be borne equally by Acquiror, on the one hand, and Contributors, on the other hand. The Parties shall cooperate in good faith to minimize, to the extent permissible under applicable Law, the amount of any such Transfer Taxes.

Section 6.3 Access to Information. From and after the date hereof until the earlier of the Closing Date or the termination of this Agreement pursuant to Article 8, upon reasonable notice, and subject to restrictions contained in the confidentiality agreements to which the Company is subject, the Company shall provide to the Acquiror Parties and their authorized representatives during normal business hours reasonable access to all books and records of the Company (in a manner so as to not unreasonably interfere with the normal business operations of the Company) and the Company shall furnish promptly to Acquiror Parties and their representatives such information concerning their business, properties, Contracts, assets,

liabilities and employees as the Acquiror Parties and their representatives may reasonably request; *provided*, that in no event shall the foregoing include any sampling or analysis of soil, groundwater, building materials or other environmental media of the sort generally referred to as a Phase II environmental investigation nor may the Acquiror Parties require that such Phase II environmental investigation be conducted.

Section 6.4 Efforts to Consummate.

(a) Subject to the terms and conditions herein provided, each Contributor, each Acquiror Party and the Company shall use commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the closing conditions set forth in Article 7). Each Contributor, each Acquiror Party and the Company shall use commercially reasonable efforts to obtain consents of all Governmental Entities or other third parties necessary to consummate the transactions contemplated by this Agreement. All costs incurred in connection with obtaining such consents shall be borne by the Party incurring such costs and, in no event, shall either Contributor, any of their respective Affiliates or the Company be required to make any payments (other than routine administrative fees, contractual change of control payments and attorneys' fees) or provide other types of consideration in order to seek or facilitate the obtaining of any such consents.

(b) In the event any Proceeding by any Governmental Entity or other Person is commenced which questions the validity or legality of the transactions contemplated hereby or seeks damages in connection therewith, the Parties agree to cooperate and use reasonable efforts to defend against such Proceeding and, if an injunction or other order is issued in any such Proceeding, to use commercially reasonable efforts to have such injunction or other order lifted, and to cooperate reasonably regarding any other impediment to the consummation of the transactions contemplated hereby.

(c) Contributors and the Acquiror Parties shall permit counsel for the other Party reasonable opportunity to review in advance, and consider in good faith the views of the other Party in connection with, any proposed written communication to any Governmental Entity relating to the transactions contemplated by this Agreement. Each Contributor and each Acquiror Party agrees not to participate in any substantive meeting or discussion, either in person or by telephone with any Governmental Entity in connection with the transactions contemplated by this Agreement unless it consults with the other Party in advance and, to the extent not prohibited by such Governmental Entity, gives the other Party the opportunity to attend and participate in such meeting or discussion.

Section 6.5 Public Announcements. The Acquiror Parties, on the one hand, and the Company and Contributors, on the other hand, shall consult with one another and seek one another's prior written consent before issuing any press release, or otherwise making any public statements, with respect to the transactions contemplated by this Agreement and shall not issue any such press release or make any such public statement prior to such consultation and prior written consent; *provided* that each Party may make any such announcement which it in good faith believes, based on advice of counsel, is necessary in connection with any requirement of Law, it being understood and agreed that each Party shall provide the other Parties with copies of any such announcement in advance of such issuance.

Section 6.6 Documents and Information . After the Closing Date, the Acquiror Parties and the Company shall, until the seventh (7th) anniversary of the Closing Date, retain all books, records and other documents pertaining to the business of the Company in existence on the Closing Date and make the same available for inspection and copying by each Contributor (at such Contributor's expense) during normal business hours of the Company, upon reasonable request and upon reasonable notice. No such books, records or documents shall be destroyed after the seventh (7th) anniversary of the Closing Date by the Acquiror Parties or the Company without first advising Contributors in writing and giving Contributors a reasonable opportunity to obtain possession thereof.

Section 6.7 Contributor Guarantees .

(a) From and after Closing, Contributors shall maintain, or cause to be maintained, each of the guarantees of Contributors and/or their respective Affiliates (other than the Company) in favor of the Company and/or its properties or assets, as set forth on Schedule 6.7 (collectively, the “Contributor Guarantees”).

(b) For such period as a Contributor or any of its Affiliates remains a guarantor under any Contributor Guarantee after the Closing, (i) Acquiror shall, or shall cause the Company to, indemnify, defend, and hold harmless such Contributor and its Affiliates from and against any Loss suffered by such Contributor or any of its Affiliates that results from and, arises out of, or relates to any such Contributor Guarantee, (ii) Acquiror Parties shall not cause the Company, without the written consent of such Contributor, to enter into (A) any expansion, renewal or extension of the underlying Contract that is subject to the Contributor Guarantee unless the Company shall first obtain a release of such Contributor Guarantee or (B) any other amendment or modification of the underlying Contract that is subject to the Contributor Guarantee in a way which would affect the related Contributor Guarantee in any way without the prior written consent of such Contributor and (iii) such Contributor shall not, without the written consent of Acquiror, enter into any amendment, expansion, modification, renewal or extension of any such Contributor Guarantee.

Section 6.8 Notices; Schedule Supplements .

(a) From and after the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement pursuant to Article 8, each Party shall notify each other Party in writing of (i) any Company Material Adverse Effect (in the case the notifying Party is a Contributor) or any Acquiror Material Adverse Effect (in the case the notifying Party is a Acquiror Party), (ii) any fact, circumstance, event or action the existence, occurrence or taking of which has resulted in, or would reasonably be expected to result in, any representation or warranty of any Contributor hereunder (in the case the notifying Party is a Contributor) or any Acquiror Party hereunder (in the case the notifying Party is a Acquiror Party), not being true and correct, in each case, to the extent the fact, circumstance, event or action underlying such breach has occurred on or prior to the date hereof, or (iii) any fact, circumstance, event or action the existence, occurrence or taking of which has resulted in, or would reasonably be expected to result in, the failure of any of the conditions set forth in Article 7 to be satisfied.

(b) From and after the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement pursuant to Article 8, the Company or any Contributor may, within five (5) Business Days of obtaining actual knowledge of the occurrence of the matter being disclosed, prepare and deliver to Acquiror supplements and/or amendments to the disclosure schedules to this Agreement (the “Schedules”) (which may contain additional Schedules that are not in existence as of the date hereof relating to any of the provisions contained in Article 3, in each case, such supplement, amendment or new Schedule being referred to as an “Update”) only with respect to matters first occurring after the date hereof and which matters do not result from a breach of any covenants required to be performed or complied with by the Company or Contributors under this Agreement, and each such Update shall be deemed to be an amendment to this Agreement for all purposes hereof other than (except for Updates reflecting matters permitted under Section 6.1 or otherwise required under this Article 6) for purposes of the conditions set forth in Section 7.2; *provided* that, in the event that the disclosure of the facts, circumstances and events included in such Update would give Acquiror the right to elect to terminate this Agreement pursuant to Section 8.1(b) if the 20-day cure period described therein had lapsed and Acquiror does not make such election within ten (10) Business Days of its receipt of such Update, such Update shall be deemed to be an amendment to this Agreement for all purposes hereof, including with respect to the conditions set forth in Section 7.2.

Section 6.9 Restrictions on Transfer. Prior to the Closing or the earlier termination of this Agreement pursuant to Article 8, Contributors shall not sell, transfer, contribute, pledge, distribute or otherwise dispose of or incur any Liens on any Acquired Interests owned by Contributors, or agree to do any of the foregoing.

Section 6.10 Financing.

(a) Acquiror shall use commercially reasonable efforts to take, or cause to be taken, all actions and use commercially reasonable efforts to do, or cause to be done, all things necessary, proper and advisable to (i) obtain debt or equity financing, or a combination thereof, that is on such terms and conditions as may be reasonably acceptable to Acquiror, the net proceeds of which are greater than or equal to the amount set forth on Schedule 6.10 (the “Financing”), and (ii)(A) negotiate and execute definitive agreements with respect to the Financing (the “Financing Agreements”) on terms and conditions reasonably acceptable to Acquiror, which terms and conditions shall not be in violation of any of the covenants or agreements of Acquiror contained herein, and deliver to each Contributor a copy thereof as promptly as practicable (and no later than four (4) Business Days) after such execution (but in any event, prior to the Closing); (B) satisfy on a timely basis, or obtain a timely waiver of, all conditions in the Financing Agreements that are within the control of Acquiror; (C) comply with the obligations of Acquiror under the Financing Agreements; and (D) consummate the Financing at or prior to the Closing. Acquiror’s obligations under this Section 6.10 shall include using commercially reasonable efforts to seek the Financing from alternative financing sources in the event any financing sources that may be initially contacted by Acquiror are unable to provide the Financing.

(b) Acquiror shall use commercially reasonable efforts to keep Contributors and Contributor Guarantor informed with respect to all material activity concerning the status of the Financing and shall give Contributors and Contributor Guarantor prompt notice of any material adverse change with respect to such Financing.

(c) Without limiting Acquiror’s obligations set forth in this Section 6.10, prior to the Closing, Acquiror and Contributors shall cooperate, and shall use its commercially reasonable efforts to cause its respective officers, employees, representatives, auditors, and advisors, including legal and accounting advisors, to cooperate, in connection with the arrangement of the Financing (*provided* , that such requested cooperation does not unreasonably interfere with the ongoing operations of business of the Parties or their respective Affiliates), including, if necessary, (i) participation in meetings, drafting sessions, rating agency presentations, due diligence sessions, and “road show” and other customary marketing presentations; (ii) assisting any financing sources in the preparation of (A) one or more customary offering documents and documents to be filed with the SEC in connection with the Financing and (B) materials for rating agency presentations; (iii) using commercially reasonable efforts to obtain surveys and title insurance reasonably requested by financing sources; (iv) taking all reasonably required corporate actions, subject to the consummation of the Closing, to permit the consummation of the Financing; (v) providing authorization letters to any financing sources authorizing the distribution of information to prospective lenders and containing a customary representation to the arranger of any financing that the information contained in any offering document or information memorandum relating to the Company does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vi) cooperating reasonably with the financing sources’ due diligence of the Company, to the extent customary and reasonable and to the extent not unreasonably interfering with the business of the Parties and their respective Affiliates. Any information provided by the Parties in connection with seeking the Financing (which must be furnished in writing) shall be prepared in good faith and shall, be free of any material misstatements or omissions.

(d) In addition, Contributors shall: (i) use their commercially reasonable efforts to cause their independent accountants to provide a letter or letters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to financial statements and certain financial information of the Company used in connection with the Financing; (ii) use their commercially reasonable efforts to provide customary representation letters and other authorizations or information to their independent accountants, to enable them to provide the foregoing "comfort letters"; (iii) use their commercially reasonable efforts to obtain the consent of their independent accountants for the inclusion of its reports on the Company in any document or documents to be used in connection with the Financing; and (iv) cause the appropriate representatives of the Company to execute and deliver any definitive financing documents or other certificates or documents as may be reasonably requested by Acquiror for delivery at the consummation of the Financing; *provided*, *however*, that Contributors shall not be required to pay any commitment or other similar fee or incur any other liability (other than pursuant to this Agreement) in connection with the Financing; *provided*, *further*, that the effectiveness of any documentation executed by the Company shall be subject to the consummation of the Closing.

(e) Acquiror shall, and shall cause its controlled Affiliates to, (i) subject to Section 2.4, upon request by Contributors, reimburse Contributors for all reasonable and documented out-of-pocket costs incurred by Contributors and their respective Affiliates and representatives in connection with the cooperation provided for in Section 6.10(c) and Section 6.10(d) (such reimbursement to be made promptly and in any event within seven (7) Business Days of delivery of reasonably acceptable documentation evidencing such expenses); and (ii) indemnify and hold harmless Contributors and their respective Affiliates and representatives from and against any and all Losses suffered or incurred by them in connection with the arrangement of the Financing and any information utilized in connection therewith (other than information provided by Contributors, their respective Affiliates (other than the Acquiror Group) or their representatives, to the extent they are acting in their capacity as such, and not in their capacity as representatives of the Acquiror Parties or any of their respective Subsidiaries).

Section 6.11 Existing Contracts. All of the Contracts between the Company and any of its Subsidiaries, on the one hand, and Acquiror and any of its Subsidiaries, on the other hand, shall remain in full force and effect following the Closing.

ARTICLE 7

CONDITIONS TO CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT

Section 7.1 Conditions to the Obligations of the Company, the Acquiror Parties and Contributors. The obligations of the Company, the Acquiror Parties and Contributors to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or, if permitted by applicable Law, waiver by the Party for whose benefit such condition exists) of the condition that there be no Order issued by any court of competent jurisdiction or other Governmental Entity or other legal restraint or prohibition preventing the consummation of the

transactions contemplated by this Agreement in effect; *provided, however*, that each Acquiror Party, each Contributor and the Company shall have used commercially reasonable efforts to prevent the entry of any such injunction or other Order and to appeal as promptly as possible any injunction or other Order that may be entered.

Section 7.2 Other Conditions to the Obligations of the Acquiror Parties. The obligations of the Acquiror Parties to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, if permitted by applicable Law, waiver by the Acquiror Parties of the following further conditions:

(a) (i) All representations and warranties of Contributors and the Company contained in Article 3 and Article 4 (other than the representations and warranties listed in clause (ii) of this Section 7.2(a)) shall be true and correct in all respects (without regard to qualifications as to materiality or Company Material Adverse Effect) as though made on and as of the Closing Date, except to the extent the failure of such representations and warranties to be true and correct as of such dates would not have a Company Material Adverse Effect; and (ii) the representations and warranties of Contributors set forth in Section 3.1 (*Organization and Qualification*), Section 3.2 (*Capitalization of the Company; Subsidiaries*), Section 3.3 (*Authority*), Section 3.11 (*Tax Matters*), Section 4.1 (*Organization and Qualification*), Section 4.2 (*Authority*) and Section 4.4 (*Title to the Acquired Interests*) shall be true and correct in all respects as though made on and as of the Closing Date;

(b) Each Contributor and the Company shall have performed and complied in all material respects with all covenants required to be performed or complied with by the Company and each Contributor, respectively, under this Agreement on or prior to the Closing Date;

(c) from the date of this Agreement, there shall not have occurred any Company Material Adverse Effect;

(d) Acquiror shall have consummated the Financing; and

(e) prior to or at the Closing, Contributors shall have delivered the items contemplated by Section 2.3(a).

Section 7.3 Other Conditions to the Obligations of the Company and Contributors. The obligations of the Company and Contributors to consummate the transactions contemplated by this Agreement are subject to the satisfaction or, if permitted by applicable Law, waiver by the Company and Contributors of the following further conditions:

(a) (i) All representations and warranties of Acquiror contained in Article 5 (other than the representations and warranties listed in clause (ii) of this Section 7.3(a)) shall be true and correct in all respects (without regard to qualifications as to materiality or Acquiror Material Adverse Effect) as though made on and as of the Closing Date, except to the extent the failure of such representations and warranties to be true and correct as of such dates would not have an Acquiror Material Adverse Effect; and (ii) the representations and warranties of Acquiror set forth in Section 5.1 (*Organization and Qualification*), Section 5.2 (*Authority*) and Section 5.4 (*Valid Issuance; Listing*) shall be true and correct in all respects as though made on and as of the Closing Date.

(b) Acquiror shall have performed and complied in all material respects with all covenants required to be performed or complied with by it under this Agreement on or prior to the Closing Date;

(c) from the date of this Agreement, there shall not have occurred any Acquiror Material Adverse Effect;

(d) the Acquiror Common Units to be issued as the Unit Consideration (including the Acquiror Common Units issuable upon the conversion of the Acquiror Class B Units and the Acquiror Subordinated Units) shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance; and

(e) prior to or at the Closing, Contributors shall have delivered the items contemplated by Section 2.3(b).

ARTICLE 8

TERMINATION; AMENDMENT; WAIVER

Section 8.1 Termination. This Agreement may be terminated and the transactions contemplated by this Agreement may be abandoned at any time prior to the Closing:

(a) by mutual written consent of the Acquiror Parties and Contributors;

(b) by the Acquiror Parties, if any of the representations or warranties of Contributors or the Company set forth in Article 3 or Article 4 shall not be true and correct or if any of the Company or either Contributor has failed to perform any covenant or agreement on the part of such Contributor or the Company set forth in this Agreement (including an obligation to consummate the Closing) such that the condition to Closing set forth in either Section 7.2(a) or Section 7.2(b) would not be satisfied and the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) calendar days after written notice thereof is delivered to Contributors; *provided* that neither of the Acquiror Parties is then in breach of this Agreement so as to cause the condition to Closing set forth in either Section 7.3(a) or Section 7.3(b) from being satisfied;

(c) by Contributors, if any of the representations or warranties of Acquiror set forth in Article 5 shall not be true and correct or if any Acquiror Party has failed to perform any covenant or agreement on the part of such Acquiror Party set forth in this Agreement (including an obligation to consummate the Closing) such that the condition to Closing set forth in either Section 7.3(a) or Section 7.3(b) would not be satisfied and the breach or breaches causing such representations or warranties not to be true and correct, or the failures to perform any covenant or agreement, as applicable, are not cured within twenty (20) calendar days after written notice thereof is delivered to the Acquiror Parties; *provided* that neither Contributor nor the Company is then in breach of this Agreement so as to cause the condition to Closing set forth in Section 7.2(a) or Section 7.2(b) from being satisfied;

(d) by either the Acquiror Parties, on the one hand, or Contributors, on the other hand, if the transactions contemplated by this Agreement shall not have been consummated on or prior to October 1, 2015 (the “Termination Date”) and the Parties seeking to terminate this Agreement pursuant to this Section 8.1(d) shall not have breached in any material respect their respective obligations under this Agreement in any manner that shall have proximately caused the failure to consummate the transactions contemplated by this Agreement on or before the Termination Date; *provided*, that if by October 1, 2015, (i) the Closing has not occurred and (ii) the condition set forth in Section 8.1(d) has not been satisfied, Contributors may, in their sole discretion, extend the Termination Date by up to ninety (90) days by written notice to the Acquiror Parties (it being understood that Contributors may elect to extend the Termination Date on more than one occasion so long as the Termination Date is not extended by more than ninety (90) days in the aggregate, taking into account each such extension); or

(e) by either the Acquiror Parties, on the one hand, or Contributors, on the other hand, if any Governmental Entity shall have issued an Order or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by this Agreement and such Order or other action shall have become final and non-appealable; *provided* that the Parties seeking to terminate this Agreement pursuant to this Section 8.1(e) shall have used commercially reasonable efforts to remove such Order.

Section 8.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 8.1, this entire Agreement shall forthwith become void (and there shall be no liability or obligation on the part of the Acquiror Parties, Contributors, Contributor Guarantor or the Company or their respective officers, directors or equityholders) with the exception of (a) the provisions of this Section 8.2, Section 8.3, Section 8.4, Section 6.5 and Article 10, each of which provisions shall survive such termination and remain valid and binding obligations of the Parties, and (b) any liability of any Party for any willful breach of or willful failure to perform any of its obligations under this Agreement prior to such termination (including any failure by a Party to consummate the transactions contemplated by this Agreement if it is obligated to do so hereunder). For purposes of this Section 8.2, “willful” shall mean a breach that is a consequence of an act undertaken by the breaching Party with the knowledge that the taking of such act would, or would be reasonably expected to, cause a breach of this Agreement.

Section 8.3 Amendment. This Agreement may be amended or modified only by a written agreement executed and delivered by duly authorized officers of the Acquiror Parties, Contributors and the Company. This Agreement may not be modified or amended except as provided in the immediately preceding sentence and any purported amendment by any Party or Parties effected in a manner which does not comply with this Section 8.3 shall be void.

Section 8.4 Extension; Waiver. At any time prior to the Closing, Contributors (on behalf of themselves and the Company) may (a) extend the time for the performance of any of the obligations or other acts of the Acquiror Parties contained herein, (b) waive any inaccuracies in the representations and warranties of the Acquiror Parties contained herein or in any document, certificate or writing delivered by the Acquiror Parties pursuant hereto or (c) waive compliance by the Acquiror Parties with any of the agreements or conditions contained herein. At any time prior to the Closing, the Acquiror Parties may (i) extend the time for the performance of any of the obligations or other acts of the Company or Contributors contained

herein, (ii) waive any inaccuracies in the representations and warranties of the Company and Contributors contained herein or in any document, certificate or writing delivered by the Company or Contributors pursuant hereto or (iii) waive compliance by the Company and Contributors with any of the agreements or conditions contained herein. Any agreement on the part of any Party to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such Party. The failure of any Party to assert any of its rights hereunder shall not constitute a waiver of such rights.

ARTICLE 9 INDEMNIFICATION

Section 9.1 Survival. Subject to the limitations and other provisions of this Agreement, all of the representations and warranties of the Parties contained herein, in the Company Certificate or in the Acquiror Certificate shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months from the Closing Date; *provided, however*, that the representations and warranties contained in Section 3.11 (Tax Matters) shall survive through the date that is 30 days after the expiration of the applicable statute of limitations and the Contributor Fundamental Representations and the Acquiror Fundamental Representations shall survive the Closing indefinitely (each, as applicable, the “Cut-Off Date”). All covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching Party to the breaching Party prior to the Cut-Off Date or end of any other applicable survival period shall not thereafter be barred by the expiration of the relevant representation, warranty or covenant, and such claims shall survive until finally resolved.

Section 9.2 Indemnification By Contributors. Subject to the other terms and conditions of this Article 9, from and after the Closing, Contributors, jointly and severally, shall indemnify and defend Acquiror and its Affiliates (including the Company) and their respective representatives, including directors, managers, officers, employees, consultants, financial advisors, counsel and accountants (collectively, the “Acquiror Indemnitees”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses actually incurred or sustained by, or imposed upon, the Acquiror Indemnitees as a result of:

- (a) any breach of any of the representations or warranties of such Contributor or the Company contained in this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date;
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Contributors pursuant to this Agreement;
- (c) Contributor Taxes; and
- (d) any liability arising under or with respect to any Employee Benefit Plan (i) as a result of the failure of such Employee Benefit Plan to be operated, maintained or

administered in accordance with its terms and applicable Law; and/or (ii) as a result of a Controlled Group Liability arising prior to or as a result of actions prior to the date of this Agreement.

Section 9.3 Indemnification By Acquiror. Subject to the other terms and conditions of this Article 9, from and after the Closing, Acquiror shall indemnify and defend each Contributor and their respective Affiliates and their respective representatives, including directors, managers, officers, employees, consultants, financial advisors, counsel and accountants (collectively, the “Contributor Indemnitees”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses actually incurred or sustained by, or imposed upon, the Contributor Indemnitees:

(a) as a result of any breach of any of the representations or warranties of Acquiror contained in this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date;

(b) as a result of any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Acquiror Parties pursuant to this Agreement; and

(c) pursuant to Section 6.7.

Section 9.4 Certain Limitations. Notwithstanding anything to the contrary contained herein, the indemnification provided for in Section 9.2 and Section 9.3 shall be subject to the following limitations:

(a) Contributors shall not be liable to the Acquiror Indemnitees for indemnification under Section 9.2(a) (other than with respect to a claim for indemnification as a result of any inaccuracy in or breach of Section 3.1 (*Organization, Qualification and Subsidiaries*), Section 3.2 (*Capitalization of the Company*), Section 3.3 (*Authority*), Section 3.12 (*Brokers*), Section 4.1 (*Organization and Qualification*), Section 4.2 (*Authority*), Section 4.4 (*Title to the Acquired Interests*), and Section 4.6 (*Brokers*) (collectively, the “Contributor Fundamental Representations.”)), until the aggregate amount of all Losses indemnifiable under Section 9.2(a) (other than those with respect to any Contributor Fundamental Representation and other than those excluded pursuant to Section 9.4(b)) exceeds an amount equal to the Deductible, in which event the Acquiror Indemnitees shall only be entitled to recover Losses in excess of such amount, subject to the other limitations set forth herein.

(b) Contributors shall not be liable to the Acquiror Indemnitees for indemnification under Section 9.2(a) (other than with respect to a claim for indemnification with respect to or by reason of any Contributor Fundamental Representation) for any particular Loss (including any series of related Losses) indemnifiable pursuant to Section 9.2(a) (other than those with respect to any Contributor Fundamental Representation), unless such Loss (including any series of related Losses) equals or exceeds the Per Claim Deductible, and any Losses (or series of related Losses) that are less than the Per Claim Deductible (other than those with respect to any Contributor Fundamental Representation) shall not be included in the aggregate Losses indemnifiable pursuant to Section 9.2(a), including for purposes of the calculation in Section 9.4(a).

(c) Acquiror shall not be liable to the Contributor Indemnitees for indemnification under Section 9.3(a) (other than with respect to a claim for indemnification as a result of any inaccuracy in or breach of any representation and warranty in Section 5.1 (*Organization and Qualification*), Section 5.2 (*Authority*), Section 5.4 (*Valid Issuance; Listing*) and Section 5.9 (*Brokers*) (collectively, the “ Acquiror Fundamental Representations ”)) until the aggregate amount of all Losses in respect of indemnification under Section 9.3(a) (other than those with respect to any Acquiror Fundamental Representation and other than those excluded pursuant to Section 9.4(d)) exceeds an amount equal to the Deductible, in which event the Contributor Indemnitees shall only be entitled to recover Losses in excess of such amount, subject to the other limitations set forth herein.

(d) Acquiror shall not be liable to the Contributor Indemnitees for indemnification under Section 9.3(a) (other than with respect to a claim for indemnification with respect to or by reason of any Acquiror Fundamental Representation) for any particular Loss (including any series of related Losses) indemnifiable pursuant to Section 9.3(a) (other than those with respect to any Acquiror Fundamental Representation), unless such Loss (including any series of related Losses) equals or exceeds the Per Claim Deductible, and any Losses (or series of related Losses) that are less than the Per Claim Deductible (other than those with respect to any Acquiror Fundamental Representation) shall not be included in the aggregate Losses indemnifiable pursuant to Section 9.3(a), including for purposes of the calculation in Section 9.4(c).

(e) The maximum aggregate liability of each Contributor (other than with respect to a claim for indemnification with respect to a breach of a Contributor Fundamental Representation) with respect to Losses indemnifiable pursuant to Section 9.2(a) shall be their respective proportionate share of the Cap; *provided*, that the maximum aggregate liability of HHI pursuant to this Article 9 shall not exceed sixty-six percent (66%) of the Aggregate Cap and the maximum aggregate liability of ETP Holdco pursuant to this Article 9 shall not exceed thirty-four percent (34%) of the Aggregate Cap.

(f) The maximum aggregate liability of Acquiror (other than with respect to a claim for indemnification with respect to a breach of an Acquiror Fundamental Representation) with respect to Losses indemnifiable pursuant to Section 9.3(a) shall be the Cap; *provided*, that the maximum liability of Acquiror pursuant to this Article 9 shall not exceed the Aggregate Cap.

(g) An Indemnifying Party (as defined below) shall be obligated to pay for the same Loss only once under this Article 9 even if a claim for indemnification in respect of such Loss has been made as a result of a breach of more than one representation, warranty, covenant or agreement contained in this Agreement.

(h) For purposes of this Article 9, any inaccuracy in or breach of any representation or warranty, and any damages resulting therefrom, shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(i) Subject to the provisions of this Section 9.4(i) the amount of any and all Losses shall be determined net of (i) any amounts in payment for Losses actually received by any

of the Acquiror Indemnitees or Contributor Indemnitees, as applicable, (net of any related costs and expenses incurred in connection therewith, including the direct costs of premiums relating to any such insurance proceeds) under or pursuant to (x) any insurance coverage or storage tank fund and all arrangements set forth on Schedule 3.10 or Schedule 5.8 and (y) any other indemnity or reimbursement arrangement or Contract, or from other collateral sources (collectively, “ Alternative Arrangements ”), and (ii) any Tax benefits arising from the incurrence or payment of the underlying obligations relating to such Losses actually realized for the year of such incurrence or payment. The Acquiror Indemnitees shall use commercially reasonable efforts to collect all amounts available and recoverable under any Alternative Arrangements and Contributors shall provide reasonable cooperation to the Acquiror Indemnitees undertaking such efforts, including by providing reasonable access to any documents, reports, data or other information in the possession of Contributors required by the Acquiror Indemnitees or any Alternative Arrangements; *provided, however*, that, (A) in no event shall the expenditure of such efforts require the Acquiror Indemnitees to expend any such efforts prior to submitting a claim for indemnification under this Agreement, (B) nothing provided herein shall require any Acquiror Indemnitee to avail itself of any available policies of self-insurance other than any Alternative Arrangements, and (C) if Acquiror seeks indemnification from Contributor, Acquiror shall provide Contributors with documents and information directly related to such efforts and recovery, as reasonably requested by Contributors. For the avoidance of doubt, Contributors shall not be liable for any Losses related to any breach of the representations and warranties set forth in Section 3.10 (*Environmental Matters*) unless and until the Acquiror Indemnitees have exhausted their remedies under all Alternative Arrangements reasonably available to such Acquiror Indemnitees, and thereafter, Contributors shall only be responsible for the portion of any Losses that is not satisfied or covered by any reasonably available Alternative Arrangements (net of any related costs and expenses incurred in connection therewith, including the direct costs of premiums relating to any insurance proceeds) after satisfaction or payment of any deductible or retention thereunder; *provided, however*, that, in no event, shall the exhaustion of such remedies require the Acquiror Indemnitees to exhaust any such remedies prior to submitting a claim for indemnification under this Agreement. For purposes hereof, Acquiror shall have satisfied the “exhaustion of remedies” of Alternative Arrangements as long as Acquiror has commenced a Proceeding in pursuit of the Alternative Arrangements and Acquiror prosecutes such Proceeding in good faith in an attempt to avail itself of the Alternative Arrangements; *provided, however*, that “exhaustion of remedies” shall not require Acquiror to pursue or appeal any decision issued in connection with any Proceeding.

(j) In any case where a Acquiror Indemnitee, directly or indirectly through the Company, recovers, under any Alternative Arrangements, any amount in respect of a matter for which such Acquiror Indemnitee was, prior to such recovery, indemnified pursuant to Section 9.2, such Acquiror Indemnitee, or, if applicable, the Company, shall promptly pay over to each Contributor any amount so recovered from such Contributor (after deducting therefrom the amount of the expenses incurred by such Acquiror Indemnitee in procuring such recovery), but not in excess of the sum of (i) any amount previously so paid by such Contributor to or on behalf of such Acquiror Indemnitee in respect of such matter and (ii) any amount actually expended by such Contributor in pursuing or defending any claim arising out of such matter that is indemnifiable as a Loss hereunder.

(k) (i) The Acquiror Indemnitees shall not be entitled to indemnification pursuant to Section 9.2 for any Loss to the extent that such Loss is reflected as a liability on the Latest Company Balance Sheet or reflected in the footnotes to the Company Financial Statements and (ii) the Contributor Indemnitees shall not be entitled to indemnification pursuant to Section 9.3 for any Loss to the extent that such Loss is reflected as a liability on the Latest Acquiror Balance Sheet or reflected in the financial statements of Acquiror included in the Acquiror SEC Documents, in each case of clauses (i) and (ii), only to the extent that amounts associated with such Loss are included therein.

(l) Notwithstanding anything to the contrary herein, Contributors shall not be obligated to indemnify the Acquiror Indemnitees for any Loss with respect to any environmental matter or condition, including for any inaccuracy or breach of the representations and warranties in Section 3.10 (*Environmental Matters*), that is discovered or detected by any sampling, investigation, analysis or reporting unless: (i) such sampling, investigating, analysis or reporting is affirmatively required by Environmental Laws or by a Governmental Entity; (ii) such sampling, investigation, analysis or reporting is necessary to conduct in defense of a Third Party Claim (as defined below) against Acquiror Indemnitees alleging that Hazardous Substances have migrated off of any Company Owned Real Property or Company Leased Real Property; or (iii) such sampling, investigation, analysis or reporting is conducted in connection with the bona fide construction or expansion of improvements by any Acquiror Indemnitee at any Company Real Property undertaken in the ordinary course of business, and in such case only to the extent such sampling, investigation, analysis or reporting is consistent with industry practice. Any indemnification of any of the Acquiror Indemnitees with respect to any remediation, removal or cleanup, including any investigation, monitoring, or remedial obligations, shall be limited to such cost effective action that is required by Environmental Laws or by a Governmental Entity to attain compliance with minimum applicable remedial standards for continued use of the relevant property or facility as a gasoline fueling and service station and/or convenience store with gasoline fueling operations, employing, if appropriate, available or acceptable, permissible risk-based remedial standards and reasonable deed or use restrictions and institutional controls.

Section 9.5 Indemnification Procedures . The party making a claim under this Article 9 is referred to as the “ Indemnified Party ”, and the party against whom such claim is asserted under this Article 9 is referred to as the “ Indemnifying Party ”.

(a) Third Party Claims . If any Indemnified Party receives notice of the assertion or commencement of any Proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a representative of the foregoing (a “ Third Party Claim ”) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is actually and materially prejudiced thereby. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may reasonably be sustained by the Indemnified Party. The Indemnifying Party shall have the right to

participate in, or by giving written notice to the Indemnified Party, to assume the conduct and control of the settlement or defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided*, that if the Indemnifying Party is Contributor, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 9.5(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the settlement and defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party; *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of one counsel to the Indemnified Party. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, the Indemnified Party may, subject to Section 9.5(b), pay, compromise or defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Contributors and Acquiror shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, such management employees of the non-defending party, information and testimony, and attending such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except to the extent such settlement does not provide for liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 9.5(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed), and no such settlement shall be determinative of the Indemnifying Party's obligations under this Article 9.

(c) Direct Claims. Any claim by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after the Indemnified Party becomes aware of the matter or circumstance alleged to give rise to such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party is actually and materially

prejudiced thereby. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount of the Loss that has been or may be reasonably sustained by the Indemnified Party. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim, and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Company's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request.

Section 9.6 Subrogation. In the event of payment by or on behalf of any Indemnifying Party to any Indemnified Party (including pursuant to this Article 9) in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right, defense or claim relating to such claim or demand against any claimant or plaintiff asserting such claim or demand. Such Indemnified Party shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost of such Indemnifying Party, in presenting any subrogated right, defense or claim.

Section 9.7 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Consideration for Tax purposes, and to the extent possible, first as an adjustment to the Cash Consideration, unless otherwise required by Law.

Section 9.8 Exclusive Remedies. Except with respect to Section 8.2, the Parties acknowledge and agree that, from and after the Closing, their sole and exclusive remedy with respect to any and all claims (other than claims for fraud on the part of a party in connection with the transactions contemplated by this Agreement, which such claims shall not be subject to any monetary or survival limitations set forth herein, and other than claims to enforce, or for breach of, Guaranteed Obligations pursuant to Section 10.19) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to or in any way arising from the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article 9, and the Parties hereby waive any other statutory and common law remedies or claims. Without limiting the generality of the foregoing, Acquiror acknowledges and agrees that each Acquiror Indemnitee's right to indemnification under this Article 9 for any environmental matter, including for any breach or inaccuracy of the representations and warranties contained in Section 3.10 (*Environmental Matters*), shall constitute such Acquiror Indemnitee's sole and exclusive remedy against Contributors with respect to any environmental matter, including any such matter arising under any Environmental Laws. The Acquiror Indemnitees hereby, except as specifically reserved under this Article 9, (a) waive any remedies or claims that may be available under Environmental Laws relating to the subject matter of this Agreement, and (b) release Contributors from any claim, demand or liability with respect to any environmental matters relating to the subject matter of this Agreement, including any such claims arising under Environmental Laws.

ARTICLE 10
MISCELLANEOUS

Section 10.1 Entire Agreement; Assignment. This Agreement (a) constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof and (b) shall not be assigned by any Party (whether by operation of Law or otherwise). Any attempted assignment of this Agreement not in accordance with the terms of this Section 10.1 shall be void.

Section 10.2 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by facsimile (followed by overnight courier), delivery by a nationally recognized overnight courier or by registered or certified mail (postage prepaid, return receipt requested) to the other Parties as follows:

To Acquiror Parties or to the Company (after the Closing):

Sunoco LP
1735 Market Street, 13th Floor
Philadelphia, PA 19103
Attention: Associate General Counsel

and
Sunoco GP LLC
1735 Market Street, 13th Floor
Philadelphia, PA 19103
Attention: Associate General Counsel

To ETP Holdco:

ETP Holdco Corporation
3738 Oak Lawn Avenue
Dallas, Texas 75219
Attention: General Counsel

with a copy (which shall not constitute notice to Contributors or Contributor Guarantor) to:

Energy Transfer Partners
3738 Oak Lawn Avenue
Dallas, Texas 75219
Attention: General Counsel

To HHI:

Heritage Holdings, Inc.
3738 Oak Lawn Avenue
Dallas, Texas 75219
Attention: General Counsel

with a copy (which shall not constitute notice to Contributors or Contributor Guarantor) to:

Energy Transfer Partners
3738 Oak Lawn Avenue
Dallas, Texas 75219
Attention: General Counsel

To Contributor Guarantor:

Energy Transfer Partners
3738 Oak Lawn Avenue
Dallas, Texas 75219
Attention: General Counsel

To the Company:

Susser Holdings Corporation
1735 Market Street, 13th Floor
Philadelphia, PA 19103
Attention: General Counsel
Facsimile: (866) 627-8010

or to such other address as the Party to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

Section 10.3 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Law of any jurisdiction other than the State of Delaware.

Section 10.4 Fees and Expenses. Except as otherwise set forth in this Agreement, all fees and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including the fees and disbursements of counsel, financial advisors and accountants, shall be paid by the Party incurring such fees or expenses.

Section 10.5 Construction; Interpretation. The term “this Agreement” means this Contribution Agreement together with the Schedules and exhibits hereto, as the same may from time to time be amended, modified, supplemented or restated in accordance with the terms hereof. The headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. No Party, nor its

respective counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions hereof, and all provisions of this Agreement shall be construed according to their fair meaning and not strictly for or against any Party. Unless otherwise indicated to the contrary herein by the context or use thereof: (i) the words, “herein,” “hereto,” “hereof” and words of similar import refer to this Agreement as a whole, including the Schedules and exhibits, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement; (ii) masculine gender shall also include the feminine and neutral genders, and vice versa; (iii) words importing the singular shall also include the plural, and vice versa; (iv) the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation”; and (v) except as otherwise set forth in this Agreement, any accounting terms shall be given the definition thereof under GAAP.

Section 10.6 Exhibits and Schedules. All exhibits and Schedules, or documents expressly incorporated into this Agreement, are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full in this Agreement. Any item disclosed in any Schedule referenced by a particular section in this Agreement shall be deemed to have been disclosed with respect to every other section in this Agreement if the relevance of such disclosure to such other section is reasonably apparent. The specification of any dollar amount in the representations or warranties contained in this Agreement or the inclusion of any specific item in any Schedule is not intended to imply that such amounts, or higher or lower amounts or the items so included or other items, are or are not material, and no Party shall use the fact of the setting of such amounts or the inclusion of any such item in any dispute or controversy as to whether any obligation, items or matter not described herein or included in a Schedule is or is not material for purposes of this Agreement.

Section 10.7 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each Party and its successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 10.8 Representation by Counsel. Each of the Parties agrees that it has been represented by independent counsel of its choice during the negotiation and execution of this Agreement and the documents referred to herein, and that it has executed the same upon the advice of such independent counsel. Each Party and its counsel cooperated in the drafting and preparation of this Agreement and the documents referred to herein, and any and all drafts relating thereto shall be deemed the work product of the Parties and may not be construed against any Party by reason of its preparation. Therefore, the Parties waive the application of any Law providing that ambiguities in an agreement or other document will be construed against the Party drafting such agreement or document.

Section 10.9 Severability. If any term or other provision of this Agreement is invalid, illegal or unenforceable, all other provisions of this Agreement shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party.

Section 10.10 Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall

constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or scanned pages shall be effective as delivery of a manually executed counterpart to this Agreement.

Section 10.11 Knowledge. For all purposes of this Agreement, the phrase “to Contributor’s knowledge” and any derivations thereof shall mean, as of the applicable date, the actual knowledge of the officers of the Company or such Contributor, as applicable (none of whom shall have any personal liability or obligations regarding such knowledge). For all purposes of this Agreement, the phrase “to Acquiror’s knowledge” and any derivations thereof shall mean, as of the applicable date, the actual knowledge of the officers of either Acquiror Party, as applicable (none of whom shall have any personal liability or obligations regarding such knowledge).

Section 10.12 Limitation on Remedies. Except in the case of fraud, no breach of any representation, warranty or covenant contained herein or in any certificate delivered pursuant to this Agreement shall give rise to any right on the part of the Acquiror Parties or Contributors, after the consummation of the transactions contemplated hereby, to rescind this Agreement or any of the transactions contemplated hereby.

Section 10.13 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, each of the Acquiror Parties agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any current or future director, officer, employee or member of either Contributor or of any Affiliate or assignee thereof, as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of either Contributor or any current or future member of either Contributor or any current or future director, officer, employee or member of either Contributor or of any Affiliate or assignee thereof, as such, for any obligation of either Contributor under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

Section 10.14 Waiver of Jury Trial. Each Party hereby waives, to the fullest extent permitted by Law, any right to trial by jury of any claim, demand, action, or cause of action (i) arising under this Agreement or (ii) in any way connected with or related or incidental to the dealings of the Parties in respect of this Agreement or any of the transactions related hereto, in each case, whether now existing or hereafter arising, and whether in contract, tort, equity, or otherwise. Each Party hereby further agrees and consents that any such claim, demand, action, or cause of action shall be decided by court trial without a jury and that the Parties may file a copy of this Agreement with any court as written evidence of the consent of the Parties to the waiver of their right to trial by jury.

Section 10.15 Jurisdiction and Venue. Each of the Parties (i) submits to the exclusive general jurisdiction of the Court of Chancery for the State of Delaware (the “Chancery Court”) and any state appellate court therefrom located within the State of Delaware (or, only if the Chancery Court declines to accept jurisdiction over a particular matter, any state or federal court

within the State of Delaware) in any Proceeding arising out of or relating to this Agreement, (ii) agrees that all claims in respect of such Proceeding may be heard and determined in any such court and (iii) agrees not to bring any Proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any Proceeding so brought and waives any bond, surety or other security that might be required of any other Party with respect thereto. Each Party agrees that service of summons and complaint or any other process that might be served in any Proceeding may be made on such Party by sending or delivering a copy of the process to the Party to be served at the address of the Party and in the manner provided for the giving of notices in Section 10.2. Nothing in this Section 10.15, however, shall affect the right of any Party to serve legal process in any other manner permitted by Law. Each Party agrees that a final, non-appealable judgment in any Proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by Law.

Section 10.16 Remedies. Except as otherwise expressly provided herein, any and all remedies provided herein will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The Parties agree and acknowledge that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the parties hereto do not perform their respective obligations under the provisions of this Agreement (including failing to take such actions as are required of them hereunder to consummate the transactions contemplated by this Agreement) in accordance with their specific terms or otherwise breach such provisions. It is accordingly agreed that, prior to the valid termination of this Agreement pursuant to Section 8.1, the Parties shall be entitled to an injunction or injunctions, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in each case without posting a bond or undertaking, this being in addition to any other remedy to which they are entitled at Law or in equity. Each of the Parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief when expressly available pursuant to the terms of this Agreement on the basis that the other Parties have an adequate remedy at Law or an award of specific performance is not an appropriate remedy for any reason at Law or equity.

Section 10.17 Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

Section 10.18 Further Assurances. Following the Closing, as and when requested by any Party and at such Party's expense, any other Party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such other Party may reasonably deem necessary to evidence and effectuate the transactions contemplated by this Agreement.

Section 10.19 Contributor Guarantor.

(a) Contributor Guarantor hereby absolutely, unconditionally and irrevocably guarantees to the Acquiror Parties the due, full and punctual payment and performance of all covenants, obligations, liabilities and agreements of Contributors hereunder (the "Guaranteed

Obligations”), subject to the terms and conditions hereunder. If, for any reason whatsoever, Contributors shall fail or be unable to duly, punctually and fully pay or perform the Guaranteed Obligations, Contributor Guarantor will forthwith pay and cause to be paid in lawful currency of the United States, or perform or cause to be performed, the Guaranteed Obligations. The foregoing obligation of Contributor Guarantor constitutes a continuing guarantee of payment and performance, and is and shall be absolute and unconditional under any and all circumstances, including circumstances which might otherwise constitute a legal or equitable discharge of a guarantor and including any amendment, extension, modification or waiver of any of the Guaranteed Obligations or any insolvency, bankruptcy, liquidation or dissolution of Contributors or any assignment thereby. Contributor Guarantor hereby irrevocably waives (to the fullest extent permitted by applicable Law) notice of acceptance of this guaranty and notice of any liability to which it may apply, and waives promptness, diligence, presentment, demand or payment, protest, notice of dishonor or nonpayment, suit, filing objections with a court, any right to require proceeding first against Contributors (including initiating a Proceeding against Contributors), any right to require the prior disposition of the assets of Contributors to meet any of its obligations hereunder or the taking of any other action by the Acquiror Group and all demands whatsoever. The guaranty set forth in this Section 10.19(a) will remain in full force and effect, and will be binding upon Contributor Guarantor, until all of the Guaranteed Obligations have been satisfied.

(b) Contributor Guarantor hereby represents and warrants to the Acquiror Parties that:

(i) Contributor Guarantor is a limited partnership duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization;

(ii) Contributor Guarantor has all requisite limited partnership power and authority and has taken all limited partnership action necessary in order to execute, deliver and perform its obligations under this Agreement;

(iii) No material notices to, filings with, or authorizations, consents or approvals of any Governmental Entity are necessary for the execution, delivery or performance of this Agreement. Neither the execution, delivery and performance by Contributor Guarantor of this Agreement nor the consummation by Contributor Guarantor of the transactions contemplated thereby will (A) conflict with or result in any breach of any provision of Contributor Guarantor’s Governing Documents, (B) result in a violation or breach of, or cause acceleration, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any material Contract to which Contributor Guarantor is a party, other than violations, breaches, accelerations or defaults which would not, or would not be reasonably likely to, have a material effect on Contributor’s ability to execute, deliver and perform its obligations under this Agreement or (C) violate any material Law or Order of any Governmental Entity applicable to Contributor Guarantor or any of its properties or assets; and

(iv) This Agreement has been duly executed and delivered by Contributor Guarantor and is a valid and binding agreement of Contributor Guarantor, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors’ rights and subject to general principles of equity.

* * * * *

IN WITNESS WHEREOF , each of the Parties has caused this Contribution Agreement to be duly executed on its behalf as of the day and year first above written.

COMPANY :

SUSSER HOLDINGS CORPORATION

By: /s/ Kelcy L. Warren

Name: Kelcy L. Warren

Title: Chief Executive Officer

SIGNATURE PAGE TO CONTRIBUTION AGREEMENT

CONTRIBUTOR :

ETP HOLDCO CORPORATION

By: /s/ Kelcy L. Warren

Name: Kelcy L. Warren

Title: Chief Executive Officer

SIGNATURE PAGE TO CONTRIBUTION AGREEMENT

CONTRIBUTOR :

HERITAGE HOLDINGS, INC.

By: /s/ Kelcy L. Warren

Name: Kelcy L. Warren

Title: Chief Executive Officer

SIGNATURE PAGE TO CONTRIBUTION AGREEMENT

ACQUIROR :

SUNOCO LP

By: Sunoco GP LLC,
its general partner

By: /s/ Robert W. Owens

Name: Robert W. Owens

Title: President and Chief Executive Officer

SIGNATURE PAGE TO CONTRIBUTION AGREEMENT

GENERAL PARTNER :

SUNOCO GP LLC

By: /s/ Robert W. Owens

Name: Robert W. Owens

Title: President and Chief Executive Officer

SIGNATURE PAGE TO CONTRIBUTION AGREEMENT

Solely with respect to Section 10.19 and the other provisions related thereto:

CONTRIBUTOR GUARANTOR :

ENERGY TRANSFER PARTNERS, L.P.

By: Energy Transfer Partners GP, L.P.,
its general partner

By: Energy Transfer Partners, L.L.C.
its general partner

By: /s/ Thomas P. Mason

Name: Thomas P. Mason

Title: Senior Vice President, General Counsel and
Secretary

SIGNATURE PAGE TO CONTRIBUTION AGREEMENT

EXHIBIT A

ACQUIROR PARTNERSHIP AGREEMENT AMENDMENT

AMENDMENT NO. 2 TO

FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED
PARTNERSHIP

OF

SUNOCO LP

[] [], 2015

This Amendment No. 2 (this “**Amendment No. 2**”) to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (the “**Partnership**”), dated as of September 25, 2012, as amended by Amendment No. 1 thereto dated as of October 27, 2014 (as so amended, the “**Partnership Agreement**”) is hereby adopted effective as of [] [], 2015, by Sunoco GP LLC, a Delaware limited liability company (the “**General Partner**”), as general partner of the Partnership. Capitalized terms used but not defined herein have the meaning given such terms in the Partnership Agreement.

WHEREAS, the General Partner, without the approval of any Partner, may amend any provision of the Partnership Agreement (i) pursuant to Section 13.1(d) (i) of the Partnership Agreement to reflect a change that the General Partner determines does not adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to other classes of Partnership Interests) in any material respect, (ii) pursuant to Section 13.1(g) of the Partnership Agreement to reflect 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 pursuant to Section 5.6 of the Partnership Agreement, or (iii) pursuant to Section 13.1(j) of the Partnership Agreement to reflect an amendment that the General Partner determines is 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) of the Partnership Agreement; and

WHEREAS, pursuant to Section 13.3(c) of the Partnership Agreement, if the General Partner determines that an amendment does not satisfy the requirements of Section 13.1(d) of the Partnership Agreement 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; and

WHEREAS, in connection with the transactions contemplated by the Contribution Agreement dated as of July 15, 2015 (the “**Contribution Agreement**”) by and among Susser Holdings Corporation, a Delaware corporation (“**SHC**”), ETP Holdco Corporation, a Delaware corporation (“**ETP Holdco**”), Heritage Holdings, Inc., a Delaware corporation (“**HHI**”), the Partnership, the General Partner and Energy Transfer Partners, L.P., a Delaware limited partnership (“**ETP**”), the Partnership has agreed to authorize the issuance of two new classes of Partnership Interests designated as “Class A Units” and “Class B Units” having the rights, preferences and privileges set forth in this Amendment No. 2; and

WHEREAS, pursuant to the Contribution Agreement, SHC has agreed (i) to cause Stripes LLC, a Texas limited liability company and a wholly owned subsidiary of SHC (“*Stripes LLC*”), to exchange the existing Common Units it holds in the Partnership for, and (ii) to allow conversion of the existing Subordinated Units it holds in the Partnership through Stripes No. 1009 LLC, a Texas limited liability company and a wholly owned subsidiary of SHC (“*Stripes 1009*”) and Stripes LLC, into, units of a new class of Partnership Interests to be designated as “Class A Units”; and

WHEREAS, pursuant to the Contribution Agreement, ETP Holdco and HHI have agreed to receive units of a new class of Partnership Interests to be designated as “Class B Units” as partial consideration for the contribution by ETP Holdco and HHI of all of the outstanding shares of capital stock of SHC to the Partnership; and

WHEREAS, the General Partner has determined that the creation of the new classes of Partnership Interests to be designated as “Class A Units” and “Class B Units” provided for in this Amendment No. 2 will be in the best interests of the Partnership and beneficial to the Limited Partners, including the holders of the Common Units; and

WHEREAS, Stripes LLC and Stripes 1009, in their capacities as Limited Partners holding all of the outstanding Subordinated Units, have consented to and approved this Amendment No. 2, including without limitation the provisions that provide for the conversion of the outstanding Subordinated Units into Class A Units; and

WHEREAS, ETP, in its capacity as the sole holder of the Incentive Distribution Rights, has consented to and approved this Amendment No. 2, including without limitation the provisions that provide for conversion of the outstanding Subordinated Units into Class A Units; and

WHEREAS, the General Partner has determined, (i) pursuant to Section 13.1(d)(i) of the Partnership Agreement, that the changes to the Partnership Agreement set forth herein do not adversely affect the Limited Partners (including any particular class of Partnership Interests as compared to other classes of Partnership Interests) in any material respect, (ii) pursuant to Section 13.1(g) of the Partnership Agreement, that the amendments to the Partnership Agreement set forth herein are necessary and appropriate in connection with the creation, authorization and issuance of the issuance of the Class A Units and Class B Units, and (iii) pursuant to Section 13.1(j) of the Partnership Agreement, that the amendments to the Partnership Agreement set forth herein are necessary or advisable to reflect, account for and deal with appropriately the investment by the Partnership in any corporation, partnership, joint venture, limited liability company or other entity other than the Operating Partnership; and

WHEREAS, the General Partner has determined that, pursuant to Section 13.3(c) of the Partnership Agreement, to the extent that the amendments providing for the SUN Interest Conversion and setting forth the terms of the Class A Units adversely affect the Subordinated Units as a class of Partnership Interests and the Incentive Distribution Rights as a class of Partnership Interests, as compared to the other classes of Partnership Interests, in any material respect, such amendments shall only be required to be approved by the holders of the Subordinated Units as a separate class (which approval has been received) and by the holders of the Incentive Distribution Rights (which approval has been received);

NOW THEREFORE, the General Partner does hereby amend the Partnership Agreement as follows:

Section 1. Amendment.

- a. Section 1.1 of the Partnership Agreement is hereby amended to add or amend and restate the following definitions in the appropriate alphabetical order:

“ **Class A Unit** ” means a Partnership Interest having the rights and obligations specified with respect to Class A Units in this Agreement.

“ **Class B Conversion Effective Date** ” has the meaning assigned to such term in Section 5.13(b).

“ **Class B Unit** ” means a Partnership Interest having the rights and obligations specified with respect to Class B Units in this Agreement.

“ **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 Subordinated Unit or any Class B Unit prior to its conversion into a Common Unit pursuant to the terms hereof.

“ **Limited Partner Interest** ” means the ownership interest of a Limited Partner in the Partnership, which may be evidenced by Common Units, Subordinated Units, Class A Units, Class B 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.

“ **Propco** ” means Susser Petroleum Property Company LLC, a Delaware limited liability company.

“ **Propco 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 Propco or the proceeds of any sale of the membership interests of Propco 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 Propco or its subsidiaries.

“ **Propco 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 Propco or the Partnership’s ownership (directly or indirectly) of any indebtedness of Propco or any of its subsidiaries, including any such income, gains, losses and deductions included in Net Termination Gain or Net Termination Loss.

“ **Unit** ” means a Partnership Interest that is designated as a “Unit” and shall include Common Units, Subordinated Units, Class A Units and Class B Units, but shall not include (i) the General Partner Interest or (ii) Incentive Distribution Rights.

- b. Article V of the Partnership Agreement is hereby amended by adding a new Section 5.12 at the end thereof as follows:

“5.12 *Establishment of Class A Units* .

(a) *General* . The General Partner hereby designates and creates a series of Units to be designated as “Class A Units” and initially consisting of a total of 11,018,744 Class A Units. The initial Class A Units shall be issued to SHC (i) upon the exchange of the Common Units held by SHC (the “ **Common Exchange** ”) pursuant to and in accordance with the Contribution Agreement, and (ii) upon the conversion of the Subordinated Units held by SHC in accordance with the following sentence, and the Common Units and Subordinated Units which are so exchanged or converted shall be cancelled upon the issuance of the Class A Units with respect thereto. Immediately after the effective time of this Amendment No. 2, and immediately after the Common Exchange (but prior to the contribution of SHC to the Partnership in accordance with the Contribution Agreement), each Subordinated Unit outstanding shall be and hereby is reclassified and converted into one fully paid and nonassessable Class A Unit. In accordance with Section 5.6, the General Partner shall have the power and authority to issue additional Class A Units in the future.

(b) *Rights of Class A Units* . The Class A 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 A Units shall continue to be deemed Outstanding to the extent of such rights, preferences, privileges and duties, if and when such Class A Units are held by any Group Member, notwithstanding any provision in Section 7.11 to the contrary):

(i) *Initial Capital Account* . The initial Capital Account with respect to each Class A Unit will be equal to the Capital Account of each Common Unit and each Subordinated Units held by SHC exchanged and converted on the date of the issuance of the corresponding Class A Unit.

(ii) *Voting Rights* . The Class A Units shall not have any voting rights, except to the extent the Delaware Act gives the Class A Units a vote as

a class on any matter. With respect to any matter on which the Class A Units are entitled to vote, each Class A Unit will be entitled to one vote on such matter.

(iii) *Redemption and Conversion Rights* . The Class A 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 A Units.

(v) *Allocations* . The Class A Units will be entitled to allocations of Partnership items of income, gain, loss and deduction pursuant to Sections 6.1 and 6.2, but will not be entitled to receive an allocation of any Propco Items.

(vi) *Distributions* . The Class A Units will be entitled to distributions as provided in Sections 6.4, 6.5 and 12.4, but will not be entitled to receive any distributions of Propco Available Cash.

(vii) *Certificates* . The Class A 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 Units.

c. Article V of the Partnership Agreement is hereby amended by adding a new Section 5.13 at the end thereof as follows:

“5.13 *Establishment of Class B Units* .

(a) *General* . The General Partner hereby designates and creates a series of Units to be designated as “Class B Units” and initially consisting of a total of 21,978,980 Class B Units. The Class B Units shall be issued to HHI and ETP Holdco in accordance with the terms of the Contribution Agreement.

(b) *Conversion* .

(i) All Class B Units shall automatically convert into Common Units on a one-for-one basis (subject to adjustment in Section 5.9 in the event of any split-up, combination or similar event affecting the Common Units or other Units that occurs prior to the Class B Conversion Effective Date) on the first Business Day following the Record Date for the distribution for the Quarter ended June 30, 2015 (the “ ***Class B Conversion Effective Date*** ”) without any further action by the holders thereof. The terms of the Class B Units shall be changed, automatically and without further action, on the Class B Conversion Effective Date so that each Class B Unit is converted into one Common Unit and, immediately thereafter, none of the Class B Units shall be Outstanding; provided, however, that such converted Class B Units will remain subject to the provisions of Section 5.13(b)(ii) and Section 6.1(d)(x).

(ii) Subject to the provisions of Section 5.13(b)(iii) , immediately prior to the transfer of a Class B Unit that has converted into a Common Unit by the holder thereof (other than a transfer to an Affiliate unless the General Partner elects to have this subparagraph apply), the Capital Account maintained for such Person with respect to its Class B Units or converted Class B Units will (X) first, be allocated to the converted Class B Units to be transferred in an amount equal to the product of (a) the number of converted Class B Units to be transferred and (b) the Per Unit Capital Account for a Common Unit, and (Y) second, any remaining balance in such Capital Account will be retained by the transferor. Following any such allocation, the transferor's Capital Account, if any, maintained with respect to the retained converted Class B Units, if any, will have a balance equal to the amount allocated under clause (Y) above, and the transferee's Capital Account established with respect to the transferred converted Class B Units will have a balance equal to the amount allocated under clause (X) above.

(iii) A Unitholder holding a Common Unit issued upon conversion of a Class B Unit pursuant to Section 5.13(b) shall not be issued a Common Unit Certificate pursuant to Section 4.1, if the Common Units are evidenced by Certificates, and shall not be permitted to transfer such Common Units until such time as the General Partner determines, based on advice of counsel, that the Common Unit issued upon conversion of such Class B Unit should have, as a substantive matter, like intrinsic economic and federal income tax characteristics of an Initial Common Unit. In connection with the condition imposed by this Section 5.13(b)(iii), General Partner shall take whatever steps are required to provide economic uniformity to the Common Units issued upon conversion of Class B Units in preparation for a transfer of such Common Units, including application of Section 5.13(b)(ii) and Section 6.1(d)(x)(D).

(c) *Allocations* . Except as otherwise provided in this Agreement, during the period commencing upon issuance of the Class B Units and ending on the Class B Conversion Effective Date, all items of Partnership income, gain, loss, deduction and credit, including Unrealized Gain or Unrealized Loss, shall be allocated to the Class B Units to the same extent as such items would be so allocated if such Class B Units were Common Units that were then Outstanding.

(d) *Distributions* . Prior to the Class B Conversion Effective Date, the Class B Units shall not be entitled to receive distributions of Available Cash pursuant to Sections 6.4 or 6.5.

(e) *Voting* . The Class B Units will have such voting rights pursuant to the Agreement as such Class B Units would have if they were Common Units that were then Outstanding and shall vote together with the Common Units as a single class, except that the Class B Units shall be entitled to vote as a separate class on any matter on which Unitholders are entitled to vote that adversely affects the rights or preferences of the Class B Units in relation to other classes of Partnership Interests in any material respect or as required by law. The approval of a majority of the Class B Units shall be required to approve any matter for which the holders of the Class B Units are entitled to vote as a separate class.

(f) *Certificates*. The Class B Units shall not be evidenced by certificates and, subject to Section 5.13(b)(iii) and the satisfaction of any applicable legal and regulatory requirements, may be assigned or transferred in a manner identical to the assignment and transfer of Common Units.

(g) *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 B Units.

(h) *Surrender of Certificates*. Subject to the requirements of Section 5.13(b)(iii), on or after the Class B Conversion Effective Date, the Partnership shall, as soon as practicable thereafter, issue and deliver at the office of the General Partner to such holder of Class B Units one or more Common Unit Certificates, registered in the name of such holder, or other evidence of the issuance of uncertificated certificates, for the number of Common Units to which such holder shall be entitled. Such conversion shall be deemed to have been made as of the Class B Conversion Effective Date, and the Person entitled to receive the Common Units issuable upon such conversion shall be treated for all purposes as the record holder of such Common Units as of such date.

- d. Section 6.1(c) of the Partnership Agreement is hereby amended to add the following proviso at the end of such section:

“; *provided, however*, that in no event shall the allocations of Net Termination Gain or Net Termination Loss result in the distribution of any items derived from or attributable to Propco Available Cash to a holder of Class A Units pursuant to Section 12.4(c) and the General Partner may adjust the allocations of Net Termination Gain or Net Termination Loss to avoid such result.”

- e. Section 6.1(d)(iii)(A) of the Partnership Agreement is hereby amended read as follows:

“(A) If the amount of cash or the Net Agreed Value of any property distributed (except for distributions of Propco Available Cash pursuant to Section 6.10 and cash or property distributed pursuant to Section 12.4) with respect to a Unit for a taxable period exceeds the amount of cash or the Net Agreed Value of property distributed with respect to another Unit within the same taxable period (the amount of the excess, and “ **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; *provided, however*, this Section 6.1(d)(iii)(A) shall not apply to the extent distributions are not made to the Class B Units with respect to any Record Date prior to the Class B Conversion Effective Date.”

- f. Article XI of the Partnership Agreement is hereby amended to add a new Section 6.1(d)(xv) as follows:

“(xv) *Allocations of Propco Items* . All Propco Items shall, to the maximum extent possible, be allocated to the holders of the Common Units, Subordinated Units and Class B Units, Pro Rata.

- g. Section 6.1(d)(x) of the Partnership Agreement shall be amended to add Section 6.1(d)(x)(D) which shall read as follows and to renumber existing Section 6.1(d)(x)(D) as Section 6.1(d)(x)(E):

“With respect to any taxable period in which the Class B Conversion Effective Date occurs (and, if necessary, any subsequent taxable period), items of Partnership gross income, gain, deduction or loss for the taxable period shall be allocated 100% to each Limited Partner with respect to such Limited Partner’s Class B Units that are Outstanding immediately before the Class B Conversion Effective Date in the proportion that the respective number of Class B Units held by such Partner bears to the total number of Class B Units then Outstanding, until each such Partner has been allocated the amount of gross income, gain, deduction or loss with respect to such Partner’s Class B Units that causes the Capital Account attributable to each Class B Unit, on a per Unit basis, to equal the Per Unit Capital Amount for a Common Unit on the Class B Conversion Effective Date. The purpose for this allocation is to establish uniformity between the Capital Accounts underlying converted Class B Units and the Capital Accounts underlying Common Units immediately prior to the conversion of Class B Units into Common Units.”

- h. Section 6.4(a) of the Partnership Agreement is hereby amended and restated to read in its entirety:

“*During Subordination Period* . Available Cash (other than Propco Available Cash which shall be distributed in accordance with Section 6.10) with respect to any Quarter wholly within the Subordination Period that is deemed to be Operating Surplus pursuant to the provisions of Section 6.3 or 6.5 shall be distributed as follows, except as otherwise contemplated by Section 5.6(b) in respect of other Partnership Interests issued pursuant thereto:

(i) First, 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 Minimum Quarterly Distribution for such Quarter;

(ii) Second, 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 Cumulative Common Unit Arrearage existing with respect to such Quarter;

(iii) Third, to all Unitholders holding Subordinated Units and Class A Units, Pro Rata, until there has been distributed in respect of each Subordinated Unit then Outstanding an amount equal to the Minimum Quarterly Distribution for such Quarter;

(iv) Fourth, to all Unitholders, Pro Rata, until there has been distributed in respect of each Unit then Outstanding an amount equal to the excess of the First Target Distribution over the Minimum Quarterly Distribution for such Quarter;

(v) Fifth, (A) 15.0% to the holders of the Incentive Distribution Rights, Pro Rata; and (B) 85.0% to all Unitholders, Pro Rata, until there has been distributed in respect of each Unit then Outstanding an amount equal to the excess of the Second Target Distribution over the First Target Distribution for such Quarter;

(vi) Sixth, (A) 25.0% to the holders of the Incentive Distribution Rights, Pro Rata; and (B) 75.0% to all Unitholders, Pro Rata, until there has been distributed in respect of each Unit then Outstanding an amount equal to the excess of the Third Target Distribution over the Second Target Distribution for such Quarter; and

(vii) Thereafter, 50.0% to the holders of the Incentive Distribution Rights, Pro Rata; and (B) 50.0% to all Unitholders, 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(a)(vii); and *provided, further* , that any quarterly distributions to the holders of the Incentive Distribution Rights pursuant to Sections 6.4(a)(v), 6.4(a)(vi) and 6.4(a)(vii) shall be computed without regard to the distributions made to the Class A Units in such Quarter.”

i. Section 6.4(b) of the Partnership Agreement is hereby amended and restated to read in its entirety:

“*After Subordination Period* . Available Cash (other than Propco Available Cash, which shall be distributed in accordance with Section 6.10) with respect to any Quarter ending after the Subordination Period has ended that is deemed to be Operating Surplus pursuant to the provisions of Section 6.3 or Section 6.5 shall be distributed as follows, except as otherwise contemplated by Section 5.6(b) in respect of additional Partnership Interests issued pursuant thereto:

(i) First, to all the Unitholders, Pro Rata, until there has been distributed in respect of each Unit then Outstanding an amount equal to the Minimum Quarterly Distribution for such Quarter;

(ii) Second, to all the Unitholders, Pro Rata, until there has been distributed in respect of each 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, Pro Rata, until there has been distributed in respect of each 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, Pro Rata, until there has been distributed in respect of each 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, 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); and *provided, further* , that any quarterly distributions to the holders of the Incentive Distribution Rights pursuant to Sections 6.4(b)(iii), 6.4(b)(iv) and 6.4(b)(v) shall be computed without regard to the distributions made to the Class A Units in such Quarter.”

j. The introduction to Section 6.5 of the Partnership Agreement is hereby amended and restated to read in its entirety:

“*Distributions of Available Cash from Capital Surplus* . Available Cash (other than Propco Available Cash, which shall be distributed in accordance with Section 6.10) that is deemed to be Capital Surplus pursuant to the provisions of Section 6.3(a) shall be distributed, unless the provisions of Section 6.3 require otherwise:”

k. Article XI of the Partnership Agreement is hereby amended to add a new Section 6.10 as follows:

“Section 6.10 *Distributions of Propco Available Cash* .

Distributions of cash and cash equivalents which are derived or attributable to Propco Available Cash shall be distributed in the same manner as set forth in Section 6.4 or Section 6.5, as applicable, except that the Class A Units shall not be entitled to participate in any such distributions and the holders of Class A Units shall not be considered a Unitholder for purposes thereof.

Section 2. Except as hereby amended, the Partnership Agreement shall remain in full force and effect.

Section 3. The appropriate officers of the General Partner are hereby authorized to make such clarifying and conforming changes as they deem necessary or appropriate, and to interpret the Partnership Agreement, to give effect to the intent and purpose of this Amendment No. 2.

Section 4. This Amendment No. 2 shall be governed by, and interpreted in accordance with, the laws of the State of Delaware, all rights and remedies being governed by such laws without regard to principles of conflicts of laws.

[Signature page follows]

IN WITNESS WHEREOF, this Amendment has been executed as of the date first above written.

GENERAL PARTNER:

SUNOCO GP LLC

By: _____
Name: []
Title: []

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-203965) of Sunoco LP and in the related Prospectus of our report dated February 28, 2015, except for Note 2 as to which the date is April 30, 2015, with respect to the consolidated financial statements of Susser Holdings Corporation included in this Current Report on Form 8-K.

/s/ Ernst & Young LLP

Houston, Texas
July 14, 2015

NEWS RELEASE



**Energy Transfer Partners and Sunoco LP Announce
Approximately \$1.94 Billion Dropdown of Susser Holdings Corp.**

- *Transaction consideration of approximately 50% cash and 50% SUN LP Units*
- *Transaction increases SUN's exposure to fast growing retail business*
- *Transaction is cash flow breakeven to SUN in 2015 and significantly accretive thereafter while it is immediately accretive to ETP*
- *ETP benefits from almost \$1 billion of upfront cash to continue to fund its over \$10 billion capital program through 2016*
- *Remaining dropdowns from ETP to SUN likely to be completed by the end of 2016*

DALLAS and HOUSTON, July 15, 2015 - Energy Transfer Partners, L.P. (NYSE: ETP) and Sunoco LP (NYSE: SUN) announced today the dropdown of 100% of Susser Holdings Corp. (SHC) for approximately \$1.94 billion. In addition, there will be an exchange for 11 million SUN units owned by SHC for another 11 million new SUN units to a subsidiary of ETP.

For the SHC dropdown, SUN will pay to ETP approximately \$970 million in cash and issue approximately 22 million SUN units valued at approximately \$970 million based on the five-day volume-weighted average price of SUN's common units as of July 14, 2015. Pro forma for this transaction, ETP will remain the largest unitholder of SUN. The amount of SUN units being issued to ETP in this transaction reflects ETP's continued confidence in SUN's business and future growth prospects.

The timing of this dropdown transaction is driven by the desire to accelerate SUN's exposure to the fast growing retail business with its exciting backlog of organic growth opportunities and strong EBITDA performance. The size of this transaction reflects the structural simplicity of a single drop of a corporate entity into SUN and ultimately its wholly-owned corporate subsidiary, Susser Petroleum Property Co. LLC ("PropCo").

For ETP, this transaction is expected to be immediately accretive to distributable cash flow for 2015 and beyond. For SUN, the transaction is breakeven with respect to distributable cash flow in 2015 and significantly accretive thereafter.

SHC's operations consist primarily of retail activity through the operation of convenience stores in Texas, New Mexico and Oklahoma, offering merchandise, food service, motor fuel and other services. The company operates retail stores under the proprietary Stripes® convenience store brand.

For SUN, the addition of significant size and scale will deliver new organic growth opportunities and enhance its ability to focus on a broad range of third-party acquisition opportunities. The dynamic EBITDA growth at SHC creates a strong runway for increasing distributable cash flow beginning in 2016.

Simultaneously with this transaction, ETP and Energy Transfer Equity (NYSE: ETE) have announced a transaction in which ETP will transfer the GP interest and incentive distribution rights (IDRs) of SUN to ETE in exchange for 21 million ETP units held by ETE. ETE has also agreed to a 2-year IDR subsidy (\$35 million per annum) to ETP through June 30, 2017, which replaces an existing, \$35 million per annum subsidy that, as agreed between ETE and ETP in connection with the original SHC merger, would automatically terminate in the event that ETP transfers the SUN GP interest and IDRs to ETE. The transaction represents a current value of approximately \$1.2 billion. When viewed together, these transactions are a strong endorsement by ETE and ETP of SUN's current and future success and a validation of its business strategy and model.

For ETP, the SUN LP units — at their current price, implied yield, and built-in anticipated distribution growth profile — represent a very attractive currency. When combined with the almost \$1 billion of upfront cash to help fund ETP's robust capital program, which allows ETP to avoid a like amount of equity issuances, the overall transaction becomes very compelling for ETP.

All of the income from SHC will be non-qualifying income to SUN and therefore SHC will be immediately contributed to PropCo. SUN anticipates that cash taxes at PropCo going forward will be minimal.

The transaction is expected to close on August 1, subject to customary closing conditions. The approximately 22 million SUN units to be received by ETP as part of the SHC transaction will not receive 2nd quarter 2015 distributions from SUN. Following the GP/IDR exchange, ETP will deconsolidate SUN for accounting purposes, and as a result, SUN will consolidate up through ETE's financial statements.

Tudor, Pickering, Holt & Co. acted as financial advisor to the ETP conflicts committee. Akin Gump Strauss Hauer & Feld LLP acted as legal advisor to ETP and Richard Layton & Finger, P.A. acted as legal advisor to the ETP conflicts committee.

Perella Weinberg Partners acted as financial advisor to the SUN special committee. Andrews Kurth LLP acted as legal advisor to SUN and Potter Anderson & Corroon acted as legal advisor to the SUN special committee.

For additional information on the transaction and pro forma financial information, please refer to filings made by SUN and ETP on Form 8-K with the U.S. Securities and Exchange Commission.

Sunoco LP (NYSE: SUN) is a master limited partnership (MLP) that primarily distributes motor fuel to convenience stores, independent dealers, commercial customers and distributors. SUN also operates more than 150 convenience stores and retail fuel sites. SUN conducts its business through wholly owned subsidiaries, as well as through its 31.58 percent interest in Sunoco, LLC, in partnership with an affiliate of its parent company, Energy Transfer Partners (NYSE: ETP). While primarily engaged in natural gas, natural gas liquids, crude oil and refined products transportation, ETP also operates a retail business through its interest in Sunoco, LLC, as well as wholly owned subsidiaries, Sunoco, Inc. and Stripes LLC that operate approximately 1,100 convenience stores and retail fuel sites. For more information, visit the Sunoco LP website at www.SunocoLP.com.

Energy Transfer Partners, L.P. (NYSE: ETP) is a master limited partnership owning and operating one of the largest and most diversified portfolios of energy assets in the United States. ETP's subsidiaries include Panhandle Eastern Pipe Line Company, LP (the successor of Southern Union Company) and Lone Star NGL LLC, which owns and operates natural gas liquids storage, fractionation and transportation assets. In total, ETP currently owns and operates more than 62,000 miles of natural gas and natural gas liquids pipelines. ETP also owns the general partner, 100% of the incentive distribution rights, and approximately 67.1 million common units in Sunoco Logistics Partners L.P. (NYSE: SXL), which operates a geographically diverse portfolio of crude oil and refined products pipelines, terminalling and crude oil acquisition and marketing assets. ETP owns 100% of Sunoco, Inc. and 100% of Susser Holdings Corporation. Additionally, ETP owns the general partner, 100% of the incentive distribution rights and approximately 44% of the limited partner interests in Sunoco LP (formerly Susser Petroleum Partners LP) (NYSE: SUN), a wholesale fuel distributor and convenience store operator. ETP's general partner is owned by Energy Transfer Equity, L.P. (NYSE: ETE). For more information, visit the Energy Transfer Partners, L.P. web site at www.energytransfer.com.

Energy Transfer Equity, L.P. (NYSE:ETE) is a master limited partnership which owns the general partner and 100% of the incentive distribution rights (IDRs) of Energy Transfer Partners, L.P. (NYSE: ETP), approximately 23.6 million ETP common units, approximately 81.0 million ETP Class H Units, which track 90% of the underlying economics of the general partner interest and IDRs of Sunoco Logistics Partners L.P. (NYSE: SXL), and 100 ETP Class I Units. On a consolidated basis, ETE's family of companies owns and operates approximately 71,000 miles of natural gas, natural gas liquids, refined products, and crude oil pipelines. For more information, visit the Energy Transfer Equity, L.P. website at www.energytransfer.com.

Forward-Looking Statements

This news release contains "forward-looking statements" which may describe Sunoco LP's ("SUN") and/or Energy Transfer Partners, L.P.'s ("ETP") objectives, expected results of operations, targets,

plans, strategies, costs, anticipated capital expenditures, potential acquisitions, new store openings and/or new dealer locations, management's expectations, beliefs or goals regarding proposed transactions between ETP and SUN, the expected timing of those transactions and the future financial and/or operating impact of those transactions, including the anticipated integration process and any related benefits, opportunities or synergies. These statements are based on current plans, expectations and projections and involve a number of risks and uncertainties that could cause actual results and events to vary materially, including but not limited to: execution, integration, environmental and other risks related to acquisitions (including the SHC drop-down and future drop-downs) and the Partnerships' overall business strategy; competitive pressures from convenience stores, gasoline stations, other non-traditional retailers and other wholesale fuel distributors located in SUN's and SHC's markets; dangers inherent in storing and transporting motor fuel; SUN's or SHC's ability to renew or renegotiate long-term distribution contracts with customers; changes in the price of and demand for motor fuel; changing consumer preferences for alternative fuel sources or improvement in fuel efficiency; competition in the wholesale motor fuel distribution industry; seasonal trends; severe or unfavorable weather conditions; increased costs; environmental laws and regulations; dangers inherent in the storage of motor fuel; reliance on suppliers to provide trade credit terms to adequately fund ongoing operations; acts of war and terrorism; dependence on information technology systems; SUN's and ETP's ability to consummate any proposed transactions, or to satisfy the conditions precedent to the consummation of such transactions; successful development and execution of integration plans; ability to realize anticipated synergies or cost-savings and the potential impact of the transactions on employee, supplier, customer and competitor relationships; and other unforeseen factors. For a full discussion of these and other risks and uncertainties, refer to the "Risk Factors" section of SUN's and ETP's most recently filed annual reports on Form 10-K. These forward-looking statements are based on and include our estimates as of the date hereof. Subsequent events and market developments could cause our estimates to change. While we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if new information becomes available, except as may be required by applicable law.

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SUSSER BUSINESS

The pro forma financial information contained in this section gives effect to (i) the elimination of transactions between Sunoco LP (“Sunoco”) and Susser Holdings Corporation (“Susser”), (ii) the consummation of the pending acquisition of 100% of the issued and outstanding shares of capital stock of Susser, (iii) the consummation of Sunoco’s private placement of \$500 million of aggregate principal amount of senior notes due 2020 and the contemplated use of proceeds therefrom and (iv) the consummation of the offering of 5,500,000 common units representing limited partner interests of Sunoco.

Susser, a Delaware corporation, operates retail convenience stores under its proprietary Stripes[®] and Sac-N-Pac[™] brands, primarily located in the Texas market with additional locations in New Mexico and Oklahoma, offering merchandise, food service, motor fuel and other services. Stripes[®] is a leading independent operator of convenience stores in Texas based on store count and retail motor fuel volumes sold. Susser’s operations also include wholesale consignment sales and transportation operations. As of July 14, 2015, Susser indirectly owned 79,308 of our common units and 10,939,436 of our subordinated units, representing a 30.7% limited partner interest in us.

For the year ended December 31, 2014 and the three months ended March 31, 2015, Susser’s pro forma gross profit was approximately \$717.7 million and \$165.2 million, respectively, of which 58.4% and 62.3%, respectively, was derived from merchandise sales and 37.9% and 33.8%, respectively, was derived from motor fuel sales.

Operations

As of June 30, 2015, Susser operated 679 retail convenience stores, 632 of which were in Texas, 29 of which were in New Mexico, and 18 of which were in Oklahoma. Of Susser’s total retail convenience stores, 632 are operated under the Stripes[®] brand and 47 are operated under the Sac-N-Pac[™] brand. Susser’s business experiences substantial seasonality due to consumer purchase patterns in the geographic area in which its stores are concentrated. Historically, sales and operating income are highest in the second and third quarters during the summer activity months and lowest during the winter months. On average, Susser convenience stores are approximately 4,000 square feet in size.

For the year ended December 31, 2014 and the three months ended March 31, 2015, the retail business produced pro forma gross profit of \$291.3 million and \$54.6 million, respectively.

Susser also sells motor fuel through consignment arrangements at approximately 85 locations. Susser controls the motor fuel inventory and price at these consignment locations, and receives the actual retail selling price for each gallon sold, less a commission to the dealer. Consignment margins received per gallon are similar to Susser’s retail motor fuel margins, less the commissions paid to independent operators of those locations.

Susser provides us with transportation logistics under a transportation agreement (the “SHC Transportation Agreement”) pursuant to which it arranges for motor fuel to be delivered from our suppliers to customer sites within our distribution network at rates consistent with those charged to third parties for the delivery of motor fuel.

Merchandise Operations

Susser stores carry a broad selection of food, beverages, snacks, grocery and non-food merchandise. Susser stocks 2,500 to 3,500 merchandise units, on average, with each store offering a customized merchandise mix based on local customer demand and preferences. To further differentiate its merchandise offering, Susser has developed numerous proprietary offerings and private label items unique to its stores, including Laredo Taco Company[®] restaurants, Café de la Casa[®] custom blended coffee, Slush Monkey[®] frozen carbonated beverages, Quake[®] energy drink, Smokin’ Barrel[®] beef jerky and meat snacks, Monkey Loco[®] candies, Monkey Juice[®] and Royal[®] brand cigarettes. Susser has built approximately 200 large-format convenience stores from January 2000 through December 31, 2014 and expects to construct and open approximately 40 stores during 2015 and another approximately 40 to 45 during 2016. Susser has implemented its proprietary in-house Laredo

Taco Company ® restaurants in over 390 Stripes ® convenience stores and intends to implement it in all newly constructed Stripes ® convenience stores. Susser also owns and operates ATM and proprietary money order systems in most of its stores and also provides other services such as lottery, prepaid telephone cards and wireless services, movie rental and car washes.

For the year ended December 31, 2014 and the three months ended March 31, 2015, pro forma merchandise sales were approximately \$1.2 billion and \$307.9 million, respectively.

Retail Motor Fuel Operations

In addition to Susser's Stripes ® branded fuel, Susser offers Chevron, Conoco, Exxon, Phillips 66, Shamrock, Shell, Sunoco, Texaco and Valero branded motor fuel at 674 of its convenience stores. Approximately 50% of those stores sold Valero branded fuel as of December 31, 2014.

Susser's retail business purchases substantially all of its motor fuel from us at a price reflecting product cost plus a profit margin of approximately three cents per gallon on most gallons purchased pursuant to a fuel distribution agreement ("Fuel Distribution Agreement"). Most fuel is purchased by the load as needed to replenish supply at the stores.

For the year ended December 31, 2014 and the three months ended March 31, 2015, pro forma retail motor fuel sales were \$4.7 billion and \$609.6 million, respectively.

Our Contracts with Susser

In addition to the SHC Transportation Agreement and the Fuel Distribution Agreement referenced above, we also entered into an omnibus agreement with Susser (the "Omnibus Agreement"), pursuant to which Susser granted us the three-year option to purchase from Susser up to 75 new or recently constructed Stripes ® convenience stores at Susser's cost and lease the stores back to Susser at a specified rate for a 15-year initial term as well as to supply fuel to such stores for a period of ten years from the date of purchase pursuant to the Fuel Distribution Contract. We have completed all 75 sale-leaseback transactions under the Omnibus Agreement.

Following the Susser Acquisition, we expect to maintain the Omnibus Agreement, the SHC Transportation Agreement and the Fuel Distribution Agreement, and, as such our wholesale segment will continue to receive fees for volumes transported for Susser and will continue to pay Susser for transportation services under the SHC Transportation Agreement.

Susser Holdings Corporation Non-GAAP Financial Measures

Susser Holdings Corporation (“Susser”) defines EBITDA as net income before depreciation, amortization and accretion expense, net interest expense and income tax expense. Adjusted EBITDA further adjusts EBITDA to reflect certain other non-recurring and non-cash items. EBITDA and Adjusted EBITDA are not financial measures calculated in accordance with GAAP.

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

- securities analysts and other interested parties use such metrics as measures of financial performance, ability to make distributions to our unitholders and debt service capabilities; and
- they are used by our management for internal planning purposes, including aspects of our consolidated operating budget, and capital expenditures.

EBITDA and Adjusted EBITDA are not recognized terms under GAAP and do not purport to be alternatives to net income as measures of operating performance or to cash flows from operating activities as a measure of liquidity. EBITDA and Adjusted EBITDA have limitations as analytical tools, and one should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP.

The following table presents a reconciliation of net income to EBITDA and Adjusted EBITDA of Susser Holdings Corporation for the year ended December 31, 2014 on an historical basis and pro forma basis giving effect to the following transactions:

- the elimination of transactions between Sunoco LP and Susser; and
- The proposed contribution of Susser through a Contribution Agreement between Susser, Sunoco GP LLC, Sunoco LP’s general partner, ETP Holdco Corporation, an indirect wholly owned subsidiary of Energy Transfer Partners, L.P. (“ETP”), and Heritage Holdings, Inc., an indirect wholly owned subsidiary of ETP, for total consideration consisting of approximately \$967.0 million of our Class B units and \$967.0 million in cash, subject to working capital adjustments, comprised of borrowings under our revolving credit facility, the proposed concurrent offering of approximately \$500.0 million in senior notes and the proposed issuance of 5,500,000 common units for estimated aggregate net proceeds of approximately \$233.7 based on the assumed offering price of \$44.00 per common unit (after deducting underwriting discounts and commissions and estimated offering expenses).

EBITDA and DCF reconciliation	Historical (3)	Pro Forma Adjustments		Pro Forma
	Susser	Sunoco LP (1)	Adjustments (2)	Susser
Net income	129,200	(22,510)	(148,204)	(41,514)
Depreciation, amortization and accretion	79,996	(10,457)	(4,438)	65,101
Interest expense, net	15,194	(4,767)	43,056	43,056
Income tax expense	76,442	(218)	(11,502)	64,722
EBITDA	300,832	(37,952)	(131,515)	131,365
Unit compensation	20,218	—	—	20,218
Loss (gain) on disposal of assets and impairment charge	1,614	39	—	1,653
Equity investee gain	(129,092)	—	129,092	—
Unrealized gains on commodity derivatives	(8,294)	—	—	(8,294)
Inventory fair value adjustments	15,859	—	—	15,859
Adjusted EBITDA (consolidated)	201,137	(37,913)	(2,423)	160,801
Adj EBITDA attributable to noncontrolling interest	—	—	—	—
Adj EBITDA attributable to Sunoco LP	201,137	(37,913)	(2,423)	160,801

- (1) Eliminates the activity attributable to Sunoco LP reflected in Susser's historical financial statements prior to September 1, 2014, the designated date for accounting purposes of the acquisition of 100% of the outstanding common shares of Susser by Energy Transfer Partners LP (the "ETP Merger").
- (2) Eliminates the intercompany transactions between Sunoco LP and Susser for the period subsequent to the ETP Merger.
- (3) Reflects combined results of the historical period prior and subsequent to the ETP Merger.

SUSSER HOLDINGS CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014, DECEMBER 29, 2013 AND DECEMBER 30, 2012

SUSSER HOLDINGS CORPORATION
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Report of Independent Auditors

The Shareholders of Susser Holdings Corporation

We have audited the accompanying consolidated financial statements of Susser Holdings Corporation (the Company) which comprise the consolidated balance sheets as of December 31, 2014 and December 29, 2013, and the related consolidated statements of operations and comprehensive income, shareholders' equity, and cash flows for the periods from September 1, 2014 through December 31, 2014 and December 30, 2013 through August 31, 2014, and the years ended December 29, 2013 and December 30, 2012, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Susser Holdings Corporation at December 31, 2014 and December 29, 2013, and the consolidated results of its operations and its cash flows for the periods from September 1, 2014 through December 31, 2014 and December 30, 2013 through August 31, 2014, and the years ended December 29, 2013 and December 30, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Houston, Texas

February 28, 2015, except for Note 2

as to which the date is April 30, 2015

Susser Holdings Corporation
Consolidated Balance Sheets

	Predecessor December 29, 2013	Successor December 31, 2014
	<i>(in thousands except shares)</i>	
Assets		
Current assets:		
Cash and cash equivalents <i>(SUN: \$8,150 at December 29, 2013)</i>	\$ 22,461	\$ 58,236
Accounts receivable, net of allowance for doubtful accounts of \$480 at December 29, 2013, and \$77 at December 31, 2014 <i>(SUN: \$69,005 at December 29, 2013)</i>	139,146	61,578
Inventories, net <i>(SUN: \$11,122 at December 29, 2013)</i>	126,521	120,414
Other current assets <i>(SUN: \$66 at December 29, 2013)</i>	7,704	23,276
Total current assets	295,832	263,504
Property and equipment, net <i>(SUN: \$180,127 at December 29, 2013)</i>	736,860	1,052,357
Other assets:		
Marketable securities <i>(SUN: \$25,952 at December 29, 2013)</i>	25,952	—
Goodwill <i>(SUN: \$22,823 at December 29, 2013)</i>	254,285	993,731
Intangible assets, net <i>(SUN: \$22,772 at December 29, 2013)</i>	41,984	535,551
Investment in subsidiary, Sunoco LP	—	121,617
Other noncurrent assets <i>(SUN: \$188 at December 29, 2013)</i>	19,692	17,436
Total assets	<u>\$ 1,374,605</u>	<u>\$ 2,984,196</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable <i>(SUN: \$27,810 at December 29, 2013)</i>	\$ 189,587	\$ 90,355
Accrued expenses and other current liabilities <i>(SUN: \$11,427 at December 29, 2013)</i>	64,571	56,148
Current maturities of long-term debt <i>(SUN: \$500 at December 29, 2013)</i>	535	15,558
Total current liabilities	254,693	162,061
Revolving line of credit <i>(SUN: \$1,410 at December 29, 2013)</i>	345,460	—
Long-term debt <i>(SUN: \$2,500 at December 29, 2013)</i>	29,874	489,666
Deferred tax liability, long-term portion <i>(SUN: \$222 at December 29, 2013)</i>	77,119	406,225
Other noncurrent liabilities <i>(SUN: \$2,159 at December 29, 2013)</i>	41,949	38,206
Total liabilities	749,095	1,096,158
Commitments and contingencies:		
Shareholders' equity:		
Susser Holdings Corporation shareholders' equity:		
Common stock, \$.01 par value; 125,000,000 shares authorized; 21,634,618 issued and 21,439,944 outstanding as of December 29, 2013; 21,812,724 issued and 21,794,575 outstanding as of December 31, 2014	214	217
Additional paid-in capital	285,376	1,663,664
Treasury stock, common shares, at cost; 194,674 and 15,754 as of December 29, 2013 and December 31, 2014	(5,378)	(1,282)
Retained earnings	135,255	224,643
Total Susser Holdings Corporation shareholders' equity	415,467	1,887,242
Noncontrolling interest	210,043	796
Total shareholders' equity	625,510	1,888,038
Total liabilities and shareholders' equity	<u>\$ 1,374,605</u>	<u>\$ 2,984,196</u>

Parenthetical amounts represent assets and liabilities attributable to consolidated variable interest entity Sunoco LP ("SUN") as of December 29, 2013.

See accompanying notes

Susser Holdings Corporation
Consolidated Statements of Operations and Comprehensive Income

	Predecessor			Successor
	Year Ended		December 30, 2013 through August 31, 2014	September 1, 2014 through December 31, 2014
	December 30, 2012	December 29, 2013		
(in thousands)				
Revenues:				
Merchandise sales	\$ 976,452	\$ 1,066,022	\$ 827,467	\$ 420,329
Motor fuel sales	4,842,715	5,092,731	3,950,965	1,185,199
Other income	53,625	55,062	40,007	10,426
Total revenues	5,872,792	6,213,815	4,818,439	1,615,954
Cost of sales:				
Merchandise	645,500	704,668	547,398	281,462
Motor fuel	4,611,075	4,860,678	3,760,634	1,061,008
Other	4,823	4,306	3,178	489
Total cost of sales	5,261,398	5,569,652	4,311,210	1,342,959
Gross profit	611,394	644,163	507,229	272,995
Operating expenses:				
Personnel	180,042	208,018	167,426	91,925
General and administrative	48,796	54,722	84,314	15,663
Other operating	157,589	172,667	133,596	66,844
Rent	46,407	47,468	31,436	16,242
Loss (gain) on disposal of assets and impairment charge	694	2,216	1,757	(143)
Depreciation, amortization and accretion	51,434	61,368	48,687	31,309
Total operating expenses	484,962	546,459	467,216	221,840
Income from operations	126,432	97,704	40,013	51,155
Other income (expense):				
Interest expense, net	(41,019)	(47,673)	(11,966)	(3,228)
Gain on equity investee issuance of units	—	—	—	129,092
Equity in earnings of equity investee	—	—	—	11,793
Other miscellaneous	(471)	(287)	—	—
Total other income (expense), net	(41,490)	(47,960)	(11,966)	137,657
Income before income taxes	84,942	49,744	28,047	188,812
Income tax expense	(33,645)	(16,940)	(8,900)	(67,542)
Net income and comprehensive income	51,297	32,804	19,147	121,270
Less: Net income and comprehensive income attributable to noncontrolling interest	4,572	18,473	11,217	—
Net income and comprehensive income attributable to Susser Holdings Corporation	\$ 46,725	\$ 14,331	\$ 7,930	\$ 121,270

See accompanying notes

Susser Holdings Corporation
Consolidated Statements of Shareholders' Equity

	Susser Holdings Corporation Shareholders						
	Noncontrolling Interest	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Total
		Shares	Par Value				
(in thousands)							
Predecessor:							
Balance at January 1, 2012	\$ 787	20,815	\$ 210	\$ 269,368	\$ (9,629)	\$ 74,199	\$ 334,935
Net income	4,572	—	—	—	—	46,725	51,297
Non-cash stock-based compensation	—	—	—	4,338	—	—	4,338
Excess tax benefits on stock-based compensation	—	—	—	2,431	—	—	2,431
Issuance of common stock	—	414	2	293	2,901	—	3,196
Repurchase of common stock	—	—	—	—	(1,340)	—	(1,340)
Distributions to noncontrolling interest	(312)	—	—	—	—	—	(312)
Proceeds from SUN offering	206,154	—	—	—	—	—	206,154
Balance at December 30, 2012	211,201	21,229	212	276,430	(8,068)	120,924	600,699
Net income	18,473	—	—	—	—	14,331	32,804
Non-cash stock-based compensation	—	—	—	7,760	—	—	7,760
Excess tax benefits on stock-based compensation	—	—	—	3,066	—	—	3,066
Issuance of common stock	—	211	2	(1,880)	3,911	—	2,033
Repurchase of common stock	—	—	—	—	(1,221)	—	(1,221)
Distributions to noncontrolling interest	(19,631)	—	—	—	—	—	(19,631)
Balance at December 29, 2013	210,043	21,440	214	285,376	(5,378)	135,255	625,510
Net income	11,217	—	—	—	—	7,930	19,147
Non-cash stock-based compensation	—	—	—	22,071	—	—	22,071
Excess tax benefits on stock-based compensation	—	—	—	15,188	—	—	15,188
Issuance of common stock	—	355	3	(1,833)	4,104	—	2,274
Repurchase of common stock	—	—	—	—	(8)	—	(8)
Distributions to noncontrolling interest	(16,412)	—	—	—	—	—	(16,412)
Balance at August 31, 2014	204,848	21,795	217	320,802	(1,282)	143,185	667,770
Successor:							
Allocation of ETP Merger “push down”	282,325	—	—	922,994	—	—	1,205,319
Net income	—	—	—	—	—	121,270	121,270
Deconsolidation of affiliate	(486,377)	—	—	415,647	—	(39,812)	(110,542)
Non-cash stock-based compensation	—	—	—	2,838	—	—	2,838
Other	—	—	—	1,383	—	—	1,383
Balance at December 31, 2014	\$ 796	21,795	\$ 217	\$1,663,664	\$ (1,282)	\$224,643	\$1,888,038

See accompanying notes

Susser Holdings Corporation
Consolidated Statements of Cash Flows

	Predecessor			Successor
	Year Ended		December 30, 2013 through August 31, 2014	September 1, 2014 through December 31, 2014
	December 30, 2012	December 29, 2013		
(in thousands)				
Cash flows from operating activities:				
Net income	\$ 51,297	\$ 32,804	\$ 19,147	\$ 121,270
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, amortization and accretion	51,434	61,368	48,687	31,309
Amortization of deferred financing fees/debt discount, net	3,775	1,855	766	—
(Gain) loss on disposal of assets and impairment charge	694	2,216	1,757	(143)
(Gain) on equity investee issuance of units	—	—	—	(129,092)
Equity in earnings in unconsolidated affiliate	—	—	—	(11,793)
Distributions from unconsolidated affiliate	—	—	—	6,013
Non-cash stock-based compensation	4,338	7,760	22,071	2,838
Deferred income tax	12,001	(5,254)	3,710	28,152
Early extinguishment of debt	—	26,163	2,433	—
Excess tax benefits from stock-based compensation	(2,431)	(3,066)	(15,188)	—
Changes in operating assets and liabilities, net of acquisitions and deconsolidation:				
Accounts receivable	(30,599)	(14,583)	(66,607)	(463)
Inventories	(16,324)	(11,109)	(18,170)	9,477
Other assets	15,557	(2,317)	(3,165)	9,983
Accounts payable	24,700	13,220	74,787	(54,113)
Accrued liabilities	15,220	(3,263)	8,547	9,703
Other noncurrent liabilities	(3,906)	(3,828)	(3,352)	(17,053)
Net cash provided by operating activities	125,756	101,966	75,423	6,088
Cash flows from investing activities:				
Capital expenditures	(174,020)	(192,092)	(153,073)	(88,247)
Purchase of intangibles	(2,458)	(2,842)	(1,203)	—
Proceeds from disposal of property and equipment	1,323	511	1,678	4,157
Impact of deconsolidation on cash balance	—	—	—	(3,695)
Sale of GP IDR interest	—	—	—	83,000
Acquisitions, net of cash acquired	—	(18,416)	(93,915)	—
Redemption of marketable securities	349,162	966,671	25,952	—
Purchase of marketable securities	(497,426)	(844,359)	—	—
Net cash (used in) provided by investing activities	(323,419)	(90,527)	(220,561)	(4,785)

	Predecessor			Successor
	Year Ended		December 30, 2013 through August 31, 2014	September 1, 2014 through December 31, 2014
	December 30, 2012	December 29, 2013		
	(in thousands)			
Cash flows from financing activities:				
Proceeds from financing arrangement	193,166	14,850	—	70,194
Payments on long-term debt	(73,559)	(580,252)	(25,883)	—
Revolving line of credit, net	35,590	309,870	(100,870)	—
Intercompany note, net	—	—	314,811	(79,816)
Loan origination costs	(1,996)	(3,925)	—	—
Proceeds from Susser Petroleum Partners LP offering	206,154	—	—	—
Proceeds from issuance of equity, net of issuance costs	3,197	2,033	2,274	—
Purchase of shares for treasury	(1,340)	(1,221)	—	—
Excess tax benefits from stock-based compensation	2,431	3,066	15,312	—
Distributions to noncontrolling unitholders	(312)	(19,631)	(16,412)	—
Net cash (used in) provided by financing activities	363,331	(275,210)	189,232	(9,622)
Net increase (decrease) in cash	165,668	(263,771)	44,094	(8,319)
Cash and cash equivalents at beginning of year	120,564	286,232	22,461	66,555
Cash and cash equivalents at end of period	<u>\$ 286,232</u>	<u>\$ 22,461</u>	<u>\$ 66,555</u>	<u>\$ 58,236</u>
Supplemental disclosure of non-cash investing activities:				
“Push down” accounting from ETP merger	\$ —	\$ —	\$ —	\$ 1,119,567
Capital expenditures included in accounts payable and accruals at end of year	\$ 6,634	\$ 3,599	\$ 5,759	\$ 3,523
Supplemental disclosure of cash flow information:				
Interest paid (net of amounts capitalized)	\$ 37,543	\$ 38,093	\$ 9,529	\$ 3,494
Income taxes paid (refunded)	\$ 5,052	\$ 22,651	\$ 8,562	\$ 26,004

See accompanying notes

Susser Holdings Corporation
Notes to Consolidated Financial Statements

1. Organization and Principles of Consolidation

The consolidated financial statements are composed of Susser Holdings Corporation (“SUSS”, “Susser” or the “Company”), a Delaware Corporation, and its consolidated subsidiaries, which operate convenience stores and distribute motor fuels in Texas, New Mexico, Oklahoma and Louisiana. The Company was formed in May 2006 and in October 2006 completed an initial public offering (IPO). Susser, through its subsidiaries and predecessors, has been acquiring, operating and supplying motor fuel to service stations, convenience stores and commercial customers since the 1930’s.

On April 27, 2014, the Company entered into an Agreement and Plan of Merger (the “ETP Merger”) with Energy Transfer Partners, L.P. (“ETP”) and certain other related entities, under which ETP acquired the outstanding common shares of Susser. By acquiring Susser, ETP also indirectly acquired the general partner interest and the incentive distribution rights (“IDRs”) in Sunoco LP (formerly known as Susser Petroleum Partners), and approximately 11 million Sunoco LP common units (representing approximately 50.1% of Sunoco LP’s then outstanding units). Under the terms of the ETP Merger, the shareholders of Susser had the option to elect to receive either \$80.25 in cash or 1.4506 ETP common units, or a combination of both, for each share held such that the that aggregate cash paid and common units issued each represent 50% of the aggregate merger consideration. All equity awards outstanding as of April 27, 2014 that had not vested on the date of completion of the ETP Merger immediately vested, with the exception of specified awards that subsequently vested on January 2, 2015. Upon consummation of the ETP Merger, awards subject to performance criteria vested as though the underlying performance criteria had been achieved at target levels. The ETP Merger closed on August 29, 2014, at which time our common stock ceased trading on the NYSE. See Note 3 for further information.

The consolidated financial statements include the accounts of the Company and all of its wholly-owned and majority-owned subsidiaries. The Company’s primary operations are conducted by the following consolidated subsidiaries:

- Stripes LLC (“Stripes”), a Texas limited liability company, operates convenience stores located in Texas, New Mexico and Oklahoma.
- Susser Petroleum Company LLC (“SPC”), a Texas limited liability company, operates a motor fuel consignment business and provides transportation logistics services in Texas, New Mexico, Oklahoma and Louisiana. SPC is a wholly owned subsidiary of Stripes. Prior to September 25, 2012, SPC also distributed motor fuels.
- Sunoco LP (“SUN” or the “Partnership”), a Delaware limited partnership, distributes motor fuel and other petroleum lubricant products through its consolidated subsidiaries to SUSS and third parties in Texas, New Mexico, Oklahoma, and Louisiana. SUN was formed in June 2012 and completed an initial public offering (“SUN IPO”) on September 25, 2012.

Prior to September 2014, SUSS owned approximately 50% of the SUN common and subordinated units representing limited partner interests and owned 100% of SUN’s general partner, Susser Petroleum Partners GP LLC (“General Partner”). Subsequent to the ETP Merger, ETP acquired ownership of General Partner and the IDRs held by Susser for \$83.0 million. Investments in affiliated companies in which the company exercises significant influence, but which it does not control, are accounted for in the accompanying consolidated financial statements under the equity method of accounting. As such, the Company’s investment in SUN is accounted for under the equity method of accounting effective from September 1, 2014. The Company’s consolidated statements of operations for all periods prior to September 1, 2014 include the revenues and expenses of SUN.

The Company also offers minimal third-party environmental, maintenance and construction management services to the petroleum industry (including its own sites) through its subsidiary Applied Petroleum Technologies, Ltd. (“APT”), a Texas limited partnership.

All significant intercompany accounts and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Revision of Previously Reported Consolidated Financial Information

During the first quarter of 2015, the Company identified a classification error in two individual line items in the consolidated statement of shareholders’ equity for the year ended December 31, 2014. The revision to correct this classification error results in a decrease of \$65.7 million in the Additional Paid-In Capital amount in the “Allocation of ETP Merger

pushdown” line item and an increase of \$65.7 million in the Additional Paid-In Capital amount in the “Deconsolidation of affiliate” line item in the consolidated statement of shareholders’ equity for the year ended December 31, 2014. This classification error had no impact on any amounts in the Company’s consolidated balance sheets, consolidated statements of operations and comprehensive income, consolidated statements of cash flows, or the notes to the consolidated financial statements, or any of the total or other amounts in the consolidated statements of shareholders equity. The impact of the error on these two individual line items in the consolidated statements of shareholders’ equity for the year ended December 31, 2014 is shown in the table below (in 000’s).

	2014	
	As Previously Reported	As Revised
	(in thousands)	
Allocation of ETP Merger push down	\$988,723	\$922,994
Deconsolidation of affiliate	\$349,918	\$415,647

Fiscal Year

Prior to the ETP Merger, the Company’s fiscal year was 52 or 53 weeks and ended on the Sunday closest to December 31. Concurrent with the ETP Merger, the Company changed its fiscal year to end on December 31. All references to fiscal 2014 refer to the period beginning December 30, 2013 through December 31, 2014. All references to 2013 and 2012 refer to the 52-week periods ended December 29, 2013 and December 30, 2012, respectively.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Acquisition Accounting

Acquisitions are accounted for under the purchase method of accounting whereby the purchase price is allocated to the assets acquired and the liabilities assumed based on fair value. 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. Excess of purchase price over fair value of net assets acquired is recorded as goodwill. The Consolidated Statements of Operations and Comprehensive Income for the fiscal years presented include the results of operations for each of the acquisitions from the date of acquisition.

Fair Value Measurements

We use fair value measurements to measure, among other items, purchased assets and investments, leases and derivative contracts. We also use them to assess impairment of properties, equipment, intangible assets, and goodwill.

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.

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.

Marketable Securities

Debt or equity securities are classified into the following reporting categories: held-to-maturity, trading or available-for-sale securities. Investments in debt securities, which typically mature in one year or less, are classified as held-to-maturity and valued at amortized cost, which approximates fair value. The fair value of marketable securities is measured using Level 1 inputs (see Note 10 for more information concerning fair value measurements). Marketable securities also included approximately \$16.0 million in money market funds at December 29, 2013. The carrying value approximated fair value as of the balance sheet date and were measured using Level 1 inputs. The gross unrecognized holding gains and losses as of December 29, 2013 were not material. These investments were previously used as collateral to secure the SUN term loan (see Note 10) and were redeemed in 2014.

Accounts Receivable

The majority of the trade receivables are from credit cards and wholesale fuel customers. Wholesale customer credit is extended based on evaluation of the customer's financial condition. Receivables are recorded at face value, without interest or discount. The Company provides an allowance for doubtful accounts based on historical experience and on a specific identification basis. Credit losses are recorded when accounts are deemed uncollectible. Non-trade receivables consist mainly of vendor rebate receivables.

Inventories

Merchandise inventories are stated at the lower of average cost, as determined by the retail inventory method, or market. Prior to September 1, 2014, fuel inventories are stated at the lower of average cost or market. Effective September 1, 2014, we adopted the last-in, first-out (LIFO) inventory method for fuel inventories to align our accounting policy with that of ETP. Maintenance spare parts inventories are valued using the average cost method. Shipping and handling costs are included in the cost of inventories. The Company records an allowance for shortage and obsolescence relating to merchandise and maintenance spare parts inventory based on historical trends and any known changes in merchandise mix or parts requirements.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on a straight-line basis over the useful lives of the assets, estimated to be forty years for buildings, three to fifteen years for equipment and thirty years for underground storage tanks.

The Company capitalizes interest expense as part of the cost of construction of facilities and equipment and amortizes this amount over the life of the underlying asset.

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 except for sale leaseback transactions, in which gains are deferred over the term of the lease.

Assets Not in Productive Use

Properties are classified as other noncurrent assets when management determines that they are in excess and intends to offer them for sale, and are recorded at the lower of cost or fair value less cost to sell. Excess properties are classified as assets held for sale in current assets when they are under contract for sale, or it is otherwise probable that they will be sold within the ensuing fiscal year. These assets primarily consist of land and some buildings.

Long-Lived Assets

Long-lived assets (including intangible assets) are tested for possible impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If 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 flow amount, an impairment charge is recorded within loss on disposal of assets and impairment charge in the statement 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 and the discount rates that reflect the risk inherent in future cash flows.

Goodwill

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

In its annual impairment analysis, the Company 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 is less than its carrying amount, including goodwill.

The Company's reporting units are retail and wholesale. In applying the qualitative approach, the Company determined that both the retail and wholesale business units more likely than not had a fair value which exceeded the carrying value. Some of the factors considered in applying this test include the consideration of macroeconomic conditions, industry and market considerations, cost factors affecting the business, the overall financial performance of the business segment, and the performance of the share price of the Company.

If qualitative factors were not deemed sufficient to conclude that the fair value of the reporting unit more likely than not exceeded the carrying value of the reporting unit, then the two-step approach would be applied in making an evaluation. In step one, multiple valuation methodologies, including a market approach (market price multiples of comparable companies) and an income approach (discounted cash flow analysis) would be used. The values ascertained using these methods would be weighted to obtain a total fair value. The computations require management to make significant estimates and assumptions. Critical estimates and assumptions that are used as part of these evaluations include, among other things, selection of comparable publicly traded companies, the discount rate applied to future earnings - reflecting a weighted average cost of capital rate, and earnings growth assumptions. A discounted cash flow analysis requires us to make various assumptions about sales, operating margins, capital expenditures, working capital and growth rates. Assumptions about sales, operating margins, capital expenditures and growth rates are based on our budgets, business plans, economic projections, and anticipated future cash flows. The annual planning process that we undertake to prepare the long range financial forecast takes into consideration a multitude of factors including historical growth rates and operating performance, related industry trends, macroeconomic conditions, inflationary and deflationary forces, pricing strategies, customer demand analysis, operating trends, competitor analysis, and marketplace data.

If after assessing the totality of events or circumstances an entity determines that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount then performing the two-step test is unnecessary.

If the estimated fair value of a reporting unit is less than the carrying value, a second step is performed to compute the amount of the impairment by determining an "implied fair value" of goodwill. The determination of the Company's "implied fair value" requires the Company to allocate the estimated fair value of the reporting unit to the assets and liabilities of the reporting unit. Any unallocated fair value represents the "implied fair value" of goodwill, which is compared to the corresponding carrying value. If the "implied fair value" is less than the carrying value, an impairment charge would be recorded.

Other Intangible Assets

Other intangible assets consist of debt issuance costs, supply agreements with customers, favorable lease arrangements, New Mexico liquor licenses, and the fair value attributable to trade names and franchise rights. Separable intangible assets that are not determined to have an indefinite life are amortized over their useful lives and assessed for impairment. The determination of the fair market value of each intangible asset and its estimated useful life are based on an analysis of all pertinent factors including (1) the use of widely-accepted valuation approaches, the income approach or the cost approach, (2) the expected use of the asset by the Company, (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 any intangible asset might be impaired, we may be required to reduce the carrying value and subsequent 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 the amortization period of such asset to reflect any 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. Indefinite-lived intangibles are tested annually for impairment during the fourth quarter of the fiscal year, and are tested for impairment more frequently if events and circumstances indicate that the asset might be impaired.

Debt issuance costs are being amortized using the straight-line method, over the term of the debt. Supply agreements are being amortized on a straight-line basis over the remaining terms of the agreements, which generally range from five to fifteen years. Favorable and unfavorable lease arrangements are amortized on a straight-line basis over the remaining lease terms. The fair value of the Stripes and Laredo Taco Company trade name is being amortized on a straight-line basis over 30 years. The liquor licenses and franchise rights have been determined to be indefinite-lived assets and are not amortized.

Store Closings and Asset Impairment

The Company periodically closes under-performing retail stores and either converts them to dealer operations or sells or leases the property for alternate use. The Company closed seven, eight and one retail stores during 2012, 2013 and 2014, respectively. The operations of these stores did not have a material impact on the Company's net earnings. It is the Company's policy to make available for sale property considered by management to be unnecessary for the operations of the Company. The aggregate carrying values of such owned property are periodically reviewed and adjusted downward to fair value when appropriate.

Advertising Costs

Advertising costs are expensed within the year incurred and were approximately \$6.2 million, \$7.0 million, \$5.0 million and \$3.0 million for the years ended December 30, 2012, December 29, 2013 and the periods December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014, respectively.

Insurance Liabilities

The Company uses a combination of self-insurance and third-party insurance with predetermined deductibles that cover certain insurable risks. The Company's share of its employee injury plan and general liability losses are recorded for the aggregate liabilities for claims reported, and an estimate of the cost of claims incurred but not reported, based on independent actuarial estimates and historical experience. The Company also estimates the cost of health care claims that have been incurred but not reported, based on historical experience.

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 by the Company. Expenditures that extend the life of the related property or prevent future environmental contamination are capitalized. The Company determines its liability on a site-by-site basis and records a liability when it is probable and can be reasonably estimated. The estimated liability is not discounted. A related receivable is recorded for estimable probable reimbursements. Environmental expenditures not eligible for refund from the Texas Commission on Environmental Quality ("TCEQ") or other state funds may be recoverable in whole or part from a third party or from the Company's tank owners insurance coverage, in which case the Company has recorded a liability for its estimated net exposure.

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 fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset at the time an underground storage tank is installed. We 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 removal of an underground storage tank on our prior experience with removal. We review our assumptions for computing the estimated liability for the removal of underground storage tanks on an annual basis. Any change in estimated cash flows are reflected as an adjustment to the liability and the associated asset.

Revenue Recognition

Revenues from our two primary product categories, merchandise and motor fuel, are recognized at the time of sale or when fuel is delivered to the customer. The Company charges its wholesale customers for third-party transportation costs, which are recorded net in cost of sales. A portion of our motor fuel sales to wholesale customers are on a consignment basis, in which we retain title to inventory, control access to and sale of fuel inventory, and recognize revenue at the time the fuel is sold to the ultimate customer. We typically own the fuel dispensing equipment and underground storage tanks at consignment sites, and in some cases we own the entire site and have entered into an operating lease with the wholesale customer operating the site. We derive other income from lottery ticket sales, money orders, prepaid phone cards and wireless services, ATM transactions, car washes, movie rentals and other ancillary product and service offerings. We record service revenue on a net commission basis at the time the services are rendered.

Motor Fuel and Sales Taxes

Certain motor fuel and sales taxes are collected from customers and remitted by the Company to governmental agencies either directly or through suppliers. Taxes on retail motor fuel sales, including consignment arrangements, were approximately \$403.2 million, \$382.7 million, \$288.4 million and \$190.7 million for the years ended December 30, 2012, December 29, 2013 and the periods December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014, respectively, and are included in gross motor fuel sales and cost of motor fuel sales in the accompanying Consolidated Statements of Operations and Comprehensive Income. Sales taxes on retail merchandise sales were approximately \$65.0 million, \$70.4 million and \$55.4 million and \$28.4 million for the years ended December 30, 2012, December 29, 2013 and the periods December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014, respectively, and are reported net in merchandise sales and cost of merchandise sales in the accompanying Consolidated Statements of Operations and Comprehensive Income. Motor fuel tax on wholesale sales to third party customers are reported net in motor fuel sales and cost of motor fuel sales.

Vendor Allowances, Rebates and Deferred Branding Incentives

We receive payments for vendor allowances, volume rebates, deferred branding incentives related to our fuel supply contracts and other supply arrangements in connection with various programs. Earned payments are recorded as a reduction to cost of sales or expenses to which the particular payment relates. For the years ended December 30, 2012, December 29, 2013 and the periods December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014, we recognized earned rebates of \$42.6 million, \$50.3 million, \$33.9 million and \$12.6 million, respectively. Unearned branding incentives are deferred and amortized as earned over the term of the respective agreement. Deferred branding incentives are amortized on a straight line basis over the term of the agreement. In the case of volume related vendor rebates on merchandise, rebates earned based upon purchases are reflected in inventory and recognized in cost of sales when the merchandise is sold.

Lease Accounting

The Company leases a portion of its convenience store properties under non-cancelable operating leases, whose initial terms are typically 10 to 20 years, along with options that permit renewals for additional periods. 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. In addition to minimum rental payments, certain leases require additional payments based on sales volume. The Company is typically responsible for payment of real estate taxes, maintenance expenses and insurance. The Company also leases certain vehicles, under leases that are typically less than 5 years in term.

Income Taxes

We 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. SUN is a pass-through entity for federal income tax purposes and therefore Susser is taxed on its portion of SUN's taxable income.

The Company recognizes the impact of a tax position in the financial statements if that position is not more likely than not of being sustained, based on the technical merits of the position. See Note 16 for additional information on de-recognition, classification, interest and penalties, accounting in interim periods and disclosure.

Fair Value of Financial Instruments

Cash, accounts receivable, certain other current assets, marketable securities, accounts payable, accrued expenses and other current liabilities are reflected in the consolidated financial statements at fair value because of the short-term maturity of the instruments.

Stock-Based Compensation

The Company and the Partnership have historically granted non-qualified options, restricted stock, restricted stock units and phantom units for a fixed number of units to certain employees. Stock-based compensation expense is based on the estimated grant-date fair value. We recognize this compensation expense net of an estimated forfeiture rate over the requisite service period of the award.

Concentration Risk

For fiscal 2012 and 2013 and the periods December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014, the Company purchased 38%, 34%, 35% and 34%, respectively, of its general merchandise, including most cigarettes and grocery items, from a single wholesale grocer, McLane Company, Inc. ("McLane"). The Company has been using McLane since 1992. The initial term of the McLane contract expired in December 2012, and the Company and McLane are conducting business under three optional one-year renewal terms. The Company purchases most of its restaurant products and ingredients from Labatt Food Service, LLC ("Labatt"). The initial term of the Labatt contract expired in December 2013 and the Company and Labatt are conducting business under two optional one-year renewal terms.

Valero supplied approximately 35%, 35% and 30% of the Company's motor fuel purchases in fiscal 2012 and 2013 and the period December 30, 2013 through August 31, 2014, respectively. Chevron supplied approximately 20%, 20% and 10% of the Company's motor fuel purchases in fiscal 2012 and 2013 and the periods December 30, 2013 through August 31, 2014, respectively. Beginning on September 1, 2014, SUN became our single supplier of motor fuel.

No customers are individually material to our operations.

Cost of Sales

We include in cost of sales all costs we incur 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 average cost using the weighted average cost for motor fuel prior to September 1, 2014 and the LIFO method following September 1, 2014, and the retail inventory method for merchandise. Cost of sales does not include any depreciation of our property, plant and equipment, as any amounts attributed to cost of sales would not be significant. Depreciation is separately classified in our Consolidated Statements of Operations and Comprehensive Income.

Recently Issued and Adopted Accounting Pronouncements

FASB ASU No. 2015-02. In February 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) ASU 2015-02, *Consolidation (Topic 810) - Amendments to the Consolidation Analysis*, which provides guidance on evaluating whether a reporting entity should consolidate certain legal entities. Specifically, the amendments modify the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities. Further, the amendments eliminate the presumption that a general partner should consolidate a limited partnership, as well as affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. We are currently evaluating the impact, if any, that adopting this new accounting standard will have on our current and future consolidation policies.

FASB ASU No. 2014-17. In November 2014, the FASB issued ASU 2014-17, *Business Combinations (Topic 805) - Pushdown Accounting (a Consensus of the FASB Emerging Issues Task Force)*, which provides guidance on whether and at what threshold an acquired entity that is a business or nonprofit activity can apply pushdown accounting in its separate financial statements. ASU 2014-17 was effective upon issuance. The adoption of ASU 2014-17 did not have a material effect on our financial position and we do not believe it will in the future.

FASB ASU No. 2014-15. In August 2014, the FASB issued ASU 2014-15, “*Presentation of Financial Statements - Going Concern (Subtopic 205-40)*.” This update provides guidance about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern or to provide related footnote disclosures. ASU 2014-15 requires management to assess an entity’s ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management’s plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management’s plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). ASU 2014-15 is effective prospectively for fiscal years beginning after December 15, 2016, and interim periods within those years. We do not anticipate that the adoption of ASU 2014-15 will have a material effect on our financial position, results of operations or cash flows.

FASB ASU No. 2014-09. In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies the principles for recognizing revenue based on the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, with earlier adoption not permitted. ASU 2014-09 can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption. We are currently evaluating the impact, if any, that adopting this new accounting standard will have on our revenue recognition policies.

FASB ASU No. 2013-11. In July 2013, the FASB issued ASU 2013-11, “*Income Taxes - Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists- Subtopic 740-10*.” An unrecognized tax benefit, or a portion of an unrecognized tax benefit, shall be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The ASU is effective for annual and interim periods beginning after December 15, 2013 but early adoption is permitted. The adoption of this guidance did not have a material effect on our financial position, results of operations or cash flows.

FASB ASU No. 2013-04. In February 2013, the FASB issued ASU 2013-04, “*Liabilities (Topic 405) - Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the*

Reporting Date (a consensus of the FASB Emerging Issues Task Force). ” This update provides guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date (except for obligations addressed within existing guidance in U.S. GAAP). Examples of obligations within the scope of ASU 2013-04 include debt arrangements, other contractual obligations and settled litigation and judicial rulings. ASU 2013-04 is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of ASU 2013-04 did not have a material effect on our financial position, results of operations or cash flows.

Subsequent Events

We have evaluated subsequent events through February 28, 2015, the date the financial statements were available to be issued, and determined that there were no subsequent events requiring recognition or disclosure in our consolidated financial statements.

3. Merger and Acquisitions

ETP Merger

As a result of the ETP Merger, Susser became a wholly-owned entity of ETP and applied “push down” accounting that required our assets and liabilities to be adjusted to fair value as of the date of the merger on August 29, 2014. Due to the application of “push down” accounting, our consolidated financial statements and certain footnote disclosures are presented in two distinct periods to indicate the application of two different bases of accounting between the periods presented. The periods prior to the ETP Merger are identified as “Predecessor” and the period after the ETP Merger is identified as “Successor”. For accounting purposes, management has designated the ETP Merger date as August 31, 2014, as the operating results and change in financial position for the intervening period are not material.

Management, with the assistance of a third party valuation firm, has estimated the fair value of our assets and liabilities as of the date of acquisition by ETP. Our identifiable intangible assets consist primarily of trade names, customer relationships, and liquor licenses. The amount of goodwill recorded represents the excess of our estimated enterprise value over the fair value of our assets and liabilities. The value of certain assets and liabilities, including the determination of their respective tax basis are preliminary in nature, and are subject to adjustment as additional information is obtained about the facts and circumstances that existed at the acquisition date. Management is reviewing the valuation and confirming the results to determine the final purchase price allocation. As a result, material adjustments to this preliminary allocation may occur in the future. The following table summarizes the post-deconsolidated “push down” accounting allocation to our assets and liabilities as of the date presented (in thousands):

	August 31, 2014
Current assets	\$ 217,244
Property and equipment	981,313
Goodwill	993,731
Intangible assets	541,055
Other noncurrent assets	38,216
Current liabilities	(250,894)
Deferred tax liability	(307,560)
Other noncurrent liabilities	(544,377)
Net assets	<u>\$1,668,728</u>

Acquisitions

During the years ended December 31, 2013 and 2014, the Company completed the acquisition of several companies. The Company allocated the total purchase consideration to the assets acquired and liabilities assumed based on their respective fair values as of the acquisition date. In making its purchase price allocations, the assets and liabilities acquired in these acquisitions were valued based upon estimated fair values at the date of acquisition. The estimates used in valuing all identifiable intangible assets were based upon assumptions believed to be reasonable at the date of acquisition. The acquisitions are discussed below.

Sac-N-Pac Acquisition

The Company completed the acquisition of 48 convenience stores, 19 dealer supply contracts, one stand-alone branded quick-serve restaurant, five raw tracts of land for future store development and the right to acquire two tracts of land from related entities in January 2014 ("Sac-N-Pac Acquisition"). This transaction expands our retail and wholesale operations in a rapidly growing area of central Texas. The acquisition was recorded in the financial statements by allocating the purchase price to the assets acquired, including intangible assets, and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the acquisition cost over the net amounts assigned to the fair value of the assets acquired and the liabilities assumed is recorded as goodwill. The following table summarizes the final purchase accounting allocation to our assets and liabilities as of the date presented (in thousands):

	January 29, 2014
Inventories	\$ 6,879
Property and equipment	83,212
Goodwill and other intangible assets	5,400
Recapture liabilities	(949)
Other liabilities	(627)
Total consideration paid, net of cash acquired	<u>\$ 93,915</u>

Gainesville Acquisition

On September 4, 2013, Susser acquired 100% of the outstanding stock of Gainesville Fuel, Inc., a wholesale fuel and lubricants business ("GFI Acquisition") for net cash consideration of \$18.4 million and subsequently converted that company to a limited liability company and contributed the converted company (which at the time of contribution held approximately \$2.0 million net assets, including acquisition indebtedness and other liabilities) to SUN ("GFI Contribution"). The contributed indebtedness included a \$14.8 million term debt, a \$3.0 million seller note and contingent consideration of \$4.0 million was subsequently paid out as fully earned during 2014. In connection with this contribution, SUN issued 64,872 limited partner units to Susser, valued at \$2.0 million, bringing Susser's total ownership in SUN's limited partner units to 50.2% at September 4, 2013. The number of units issued was determined based on the price at the date of contribution.

This transaction provides SUN access to new geographic wholesale markets and expands the customer base. The contribution to SUN was accounted for as a transfer of net assets between entities under common control. Specifically, SUN recognized the acquired assets and assumed liabilities at Susser's carrying value, including the preliminary estimated purchase accounting adjustments, as of the acquisition date.

We finalized the amounts recognized, including working capital adjustments and the fair value of certain transportation assets allocated, during the fourth quarter of 2013. The revised allocation includes working capital of \$12.8 million, property and equipment of \$4.1 million, and goodwill and non-compete of \$10.3 million.

During 2013, the Company recorded a non-cash deferred tax charge of \$3.6 million related to the contribution of goodwill from Susser to SUN in connection with the GFI Contribution.

4. Accounts Receivable

Accounts receivable consisted of the following:

	<u>Predecessor</u> <u>December 29,</u> <u>2013</u>	<u>Successor</u> <u>December 31,</u> <u>2014</u>
	<i>(in thousands)</i>	
Accounts receivable, trade	\$ 74,338	\$ 4,913
Credit card receivables	43,693	33,596
Vendor receivables for rebates, branding and others	10,580	13,716
ATM fund receivables	7,736	6,202
Notes receivable, short-term	670	472
Other receivables	2,609	2,756
Allowance for uncollectible accounts	(480)	(77)
Accounts receivable, net	<u>\$ 139,146</u>	<u>\$ 61,578</u>

An allowance for uncollectible accounts is provided based on management's evaluation of outstanding accounts receivable.

5. Inventories

Effective September 1, 2014, we adopted the LIFO inventory method for fuel inventory, to align our accounting policy with that of ETP. The preliminary impact of this change was immaterial. As the LIFO method is only permitted to be applied to year-end inventory levels, we recorded an additional adjustment to increase fuel inventory by \$16.0 million in December 2014, with a corresponding decrease to cost of sales. Additionally, due to the decline in fuel prices in late 2014, we recorded a \$16.3 million write-down of the LIFO value of fuel inventory in December 2014.

Inventories consisted of the following:

	<u>Predecessor</u> <u>December 29,</u> <u>2013</u>	<u>Successor</u> <u>December 31,</u> <u>2014</u>
	<i>(in thousands)</i>	
Merchandise	\$ 63,369	\$ 72,287
Fuel-retail	37,364	26,872
Fuel-consignment	6,543	7,537
Fuel-other wholesale	8,160	—
Lottery	2,362	2,973
Equipment and maintenance spare parts	9,398	11,210
Allowance for inventory shortage and obsolescence	(675)	(465)
Inventories, net	<u>\$ 126,521</u>	<u>\$ 120,414</u>

An allowance for inventory shortage and obsolescence is provided based on historical shortage trends and management's assessment of any inventory obsolescence.

6. Assets Not in Productive Use

Assets Held and Used

Long-lived assets to be held and used at December 29, 2013 and December 31, 2014, classified as other noncurrent assets were \$9.1 million and \$14.1 million, respectively. These consist largely of under-performing retail stores that have been closed and excess land. These assets continue to be depreciated over their remaining useful life. Impairment charges recorded

were \$0.3 million, \$0.1 million, and \$0.6 million for the Predecessor twelve month periods ended December 30, 2012 and December 29, 2013, and the period December 30, 2013 through August 31, 2014, respectively and no asset impairment charge was recorded in the Successor period September 1, 2014 through December 31, 2014. Fair value is determined based on prices of market comparables. These assets are being offered for sale; however, our expectation is that it may take longer than one year to close such sales.

Assets Held for Sale

Assets held for sale are currently under contract for sale and are expected to be closed within one year. The disposition of assets held for sale during 2012, 2013, 2014 resulted in an immaterial gain or loss. These are included in gain/loss on disposal of assets and impairment charges in the Consolidated Statements of Operations and Comprehensive Income. As of December 29, 2013 and December 31, 2014, we had assets held for sale of \$0.9 million and \$1.1 million, respectively.

7. Property and Equipment

Property and equipment consisted of the following:

	<u>Predecessor</u> <u>December 29,</u> <u>2013</u>	<u>Successor</u> <u>December 31,</u> <u>2014</u>
	<i>(in thousands)</i>	
Land	\$ 209,081	\$ 237,455
Buildings and leasehold improvements	427,218	537,724
Equipment	358,413	246,686
Construction in progress	31,685	55,812
Total property and equipment	1,026,397	1,077,677
Less: Accumulated depreciation	289,537	25,320
Property and equipment, net	<u>\$ 736,860</u>	<u>\$ 1,052,357</u>

Depreciation expense on property and equipment was \$47.4 million, \$57.2 million and \$45.0 million for the Predecessor twelve month periods ended December 30, 2012 and December 29, 2013, and the period December 30, 2013 through August 31, 2014, respectively. Depreciation expense for the Successor period September 1, 2014 through December 31, 2014 was \$26.2 million.

The Company periodically closes under-performing retail stores and either converts them to dealer operations or sells or leases the property for alternate use.

The Company recorded a net loss of \$0.4 million, \$2.1 million and \$1.2 million on disposal of assets for the Predecessor twelve month periods ended December 30, 2012 and December 29, 2013 and the period December 30, 2013 through August 31, 2014, respectively. During the Successor period September 1, 2014 through December 31, 2014, the Company recorded an immaterial loss on disposal of assets. Gains and losses of property and equipment and assets not in productive use are recorded in gain/loss on disposal of assets in the Consolidated Statements of Operations and Comprehensive Income. During 2014, the Company recorded an impairment loss on assets held for sale of \$0.6 million in the Predecessor period December 30, 2013 through August 31, 2014 and no asset impairment charge was recorded in the Successor period September 1, 2014 through December 31, 2014.

8. Intangible Assets

Goodwill

The following table reflects goodwill balances and activity for the years ended December 29, 2013 and December 31, 2014 (in thousands):

Balance at December 30, 2012 (Predecessor)	\$244,398
Goodwill related to GFI Acquisition	9,887
Balance at December 29, 2013 (Predecessor)	254,285
Goodwill related to Sac-N-Pac	988
Goodwill related to ETP “push down” accounting, net of previously recognized goodwill	738,458
Balance at December 31, 2014 (Successor)	\$993,731

No impairment charges related to goodwill were recognized in 2012, 2013 or 2014.

Other Intangibles

The Company has finite-lived intangible assets recorded that are amortized and indefinite-lived assets that do not amortize. The indefinite-lived assets are evaluated annually for impairment. The finite-lived intangible assets consist of customer relationships, favorable leasehold arrangements, trade names and certain franchise rights, all of which are amortized over the respective lives of the agreements or over the period of time the assets are expected to contribute directly or indirectly to the Company’s future cash flows. Customer relationships are being amortized over an average period of approximately 20 years. Favorable leasehold arrangements are being amortized over an average period of approximately 16 years. The Stripes and the Laredo Taco Company trade names are being amortized over 30 years. Loan origination costs were written off with the underlying debt.

The following table presents the gross carrying amount and accumulated amortization for each major class of intangible assets, excluding goodwill, at December 29, 2013 and December 31, 2014:

	December 29, 2013			December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
	(in thousands)					
Indefinite-lived						
Trade name	\$ 45	\$ —	\$ 45	\$ —	\$ —	\$ —
Franchise rights	489	—	489	—	—	—
Liquor licenses	12,038	—	12,038	16,000	—	16,000
Finite-lived						
Customer relationships	34,573	12,924	21,649	13,222	1,715	11,507
Favorable leasehold arrangements, net	502	(82)	584	22,720	1,018	21,702
Loan origination costs	5,832	992	4,840	—	—	—
Trade names	4,246	2,264	1,982	491,292	6,745	484,547
Other	389	32	357	2,003	208	1,795
Intangible assets, net	\$58,114	\$ 16,130	\$41,984	\$545,237	\$ 9,686	\$535,551

Total amortization expense on finite-lived intangibles included in depreciation, amortization and accretion for 2012, 2013 and the periods December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014 was \$3.6 million, \$3.9 million, \$3.4 million and \$5.0 million, respectively. The loan fee amortization included in interest expense for 2012, 2013 and the period December 30, 2013 through August 31, 2014 was \$3.8 million, \$1.9 million, and \$1.0 million, respectively. There was no loan fee amortization included in interest expense during the period September 1, 2014 through December 31, 2014. The write-off of unamortized loan costs related to debt paid off of \$5.3 million in 2013 and \$2.4 million in the period December 30, 2013 through August 31, 2014 are included in interest expense. The following table presents the Company’s estimate of amortization includable in amortization expense for each of the five succeeding fiscal years for finite-lived intangibles as of December 31, 2014 (in thousands):

	<u>Amortization</u>
2015	\$ 19,956
2016	18,856
2017	18,856
2018	18,856
2019	18,620

9. Accrued Expenses and Other Current Liabilities

Current accrued expenses and other current liabilities consisted of the following:

	<u>Predecessor</u> <u>December 29,</u> <u>2013</u>	<u>Successor</u> <u>December 31,</u> <u>2014</u>
	<u>(in thousands)</u>	
Property, fuel and sales tax	\$ 21,560	\$ 20,131
Payroll and employee benefits	17,681	14,958
Insurance reserves	9,695	12,337
Deferred gain, short-term portion	2,232	—
Deposits and other	13,403	8,722
Total	<u>\$ 64,571</u>	<u>\$ 56,148</u>

At December 29, 2013 and December 31, 2014, the Company had approximately \$4.6 million and \$1.9 million respectively, of deferred incentives related to branding agreements with fuel suppliers, of which \$4.0 million and \$1.5 million, respectively, are included in other noncurrent liabilities in the accompanying consolidated balance sheets. The Company is recognizing the income on a straight-line basis over the agreement periods, which range from 3 to 10 years.

10. Long-Term Debt

Long-term debt consisted of the following:

	<u>Predecessor</u> <u>December 29,</u> <u>2013</u>	<u>Successor</u> <u>December 31,</u> <u>2014</u>
	<u>(in thousands)</u>	
SUSS revolving credit agreement, bearing interest at Prime or LIBOR plus applicable margin	\$ 189,250	\$ —
SUN revolving credit agreement, bearing interest at Prime or LIBOR plus applicable margin	156,210	—
SUN term loan, bearing interest at Prime or LIBOR plus applicable margin	25,866	—
Intercompany note payable to ETP, bearing interest at LIBOR plus 1.5%	—	235,000
Financing arrangement	—	269,767
Other notes payable	4,543	457
Total debt	<u>375,869</u>	<u>505,224</u>
Less: Current maturities	<u>535</u>	<u>15,558</u>
Long-term debt, net of current maturities	<u>\$ 375,334</u>	<u>\$ 489,666</u>

At December 31, 2014 scheduled future debt maturities are as follows (in thousands):

	Payments to Third Parties	Payments to Affiliates
2015	\$ 15	\$ 15,543
2016	16	16,843
2017	17	252,109
2018	18	17,610
2019	19	18,046
Thereafter	372	184,616
Total	<u>\$ 457</u>	<u>\$504,767</u>

The fair value of total debt is estimated to be \$464.1 million as of December 31, 2014. Fair value approximates carrying value on the intercompany note and other notes payable. The estimated fair value of financing arrangement is based on the par value of the principal and an analysis of the net present value of remaining payments at a current borrowing rate of approximately 2.2%. The estimated fair value of the intercompany note, financing arrangement and other notes payable is calculated using Level 3 inputs. Other notes payable consists of a long-term, 7.0% mortgage note maturing in 2031.

Term Loan

On September 25, 2012, in connection with the IPO, SUN entered into a Term Loan and Security Agreement (the “Term Loan”) with Bank of America, N.A. for a \$180.7 million term loan facility, expiring September 25, 2015. The Term Loan was repaid during the first quarter of 2014.

Credit Facilities

SUSS Revolving Credit Agreement. On April 8, 2013, Susser Holdings, L.L.C. entered into a Second Amended and Restated Credit Agreement (“2013 SUSS Revolver”) which provided for a new five year revolving credit facility in an aggregate principal amount of up to \$500 million, maturing on April 8, 2018, and replaced the existing \$100 million SUSS Revolver. We drew approximately \$233 million on the 2013 SUSS Revolver on May 15, 2013, in connection with the redemption of our 2016 Notes. The Company and each of its existing and future direct and indirect subsidiaries (other than (i) any subsidiary that is a “controlled foreign corporation” under the Internal Revenue Code or a subsidiary that is held directly or indirectly by a “controlled foreign corporation,” (ii) Susser Company, Ltd. (iii) SUN, its consolidated subsidiaries and its General Partner, and (iv) certain future non-operating subsidiaries) are guarantors under the Credit Agreement.

The interest rates under the 2013 SUSS Revolver are calculated at either a base rate or LIBOR plus a margin of 0.50% to 1.25% (in the case of base rate loans) or 1.50% to 2.25% (in the case of LIBOR loans), based on a leverage grid. In addition, the unused portion of the SUSS Revolver is subject to a commitment fee ranging from 0.30% to 0.40% based on SUSS’s consolidated total leverage ratio. The 2013 SUSS Revolver may be prepaid at any time in whole or in part without premium or penalty, other than breakage costs if applicable, and requires the maintenance of (i) a senior secured leverage ratio of (a) prior to March 31, 2015, not more than 2.75 to 1.00 and (b) on and after March 31, 2015, not more than 2.50 to 1.00 and (ii) a fixed charge coverage ratio of not less than 1.50 to 1.00.

As of December 29, 2013, we had \$189.3 million in borrowings under the 2013 SUSS Revolver and \$11.8 million in standby letters of credit. The SUSS revolver was paid off in the third quarter of 2014 with proceeds from the borrowings from ETP.

SUN Revolving Credit Agreements

On September 25, 2012, in connection with the SUN IPO, SUN entered into a \$250 million revolving credit agreement with a syndicate of banks (the “2012 Revolver”) expiring September 25, 2017. The 2012 Revolver commitments were increased to \$400 million in December 2013, while retaining the ability to increase the 2012 Revolver by an additional \$100 million. Borrowings under the revolving credit facility bore interest at (i) a base rate plus an applicable margin ranging from 1.00% to 2.25% or (ii) LIBOR plus an applicable margin ranging from 2.00% to 3.25%, (determined with reference to our consolidated total leverage ratio). In addition, the unused portion of our revolving credit facility was subject to a commitment fee ranging from 0.375% to 0.50%, based on our consolidated total leverage ratio.

Intercompany Note

On August 29, 2014, in connection with the merger with Energy Transfer Partners, SUSS entered into an Intercompany Promissory Note (the “Intercompany Note”) with Heritage Holdings, Inc. providing SUSS with a line of credit of

up to \$350 million, maturing on December 31, 2017. Initial borrowings under the Intercompany Note were used to repay the 2013 SUSS Revolver and to fund miscellaneous closing costs associated with the merger with Energy Transfer Partners. Borrowings under the Intercompany Note accrue interest at a rate equal to the three month London interbank offer rate plus 1.5%. SUSS pays interest on the unpaid principal balance on the first business day of each month. As of December 31, 2014, borrowings under the Intercompany Note were \$235 million.

Guaranty by Susser of Term Loan and 2012 / 2014 Revolver

Susser entered into a Guaranty of Collection (the “Guaranty”) in connection with SUN’s Term Loan and its Revolver. Pursuant to the Guaranty, Susser guarantees the collection of (i) the principal amount outstanding under the Term Loan and (ii) its Revolver. Susser’s obligation under the Guaranty is limited to \$180.7 million. Susser is not required to make payments under the Guaranty unless and until (a) the SUN has failed to make a payment on the Term Loan or its Revolver, (b) the obligations under such facilities have been accelerated, (c) all remedies of the applicable lenders to collect the unpaid amounts due under such facilities, whether at law or equity, have been exhausted and (d) the applicable lenders have failed to collect the full amount owing on such facilities. In addition, Susser entered into a Reimbursement Agreement with a wholly owned subsidiary of SUN, whereby Susser is obligated to reimburse the subsidiary for any amounts paid by Subsidiary under the guaranty of the Revolver. Susser’s exposure under this reimbursement agreement is limited, when aggregated with its obligation under the Guaranty, to \$180.7 million.

Financing Arrangements

The Company has entered into sale leaseback transactions with SUN for 66 of its company operated sites. The gross proceeds were \$285.4 million and were used to pay down the revolving credit agreement, which had been used to fund the construction costs. For GAAP purposes, the Company has not met the criteria for sale leaseback accounting due to SUN being a related party and therefore transactions accounted for as financing arrangements over the course of the lease agreement. The debt related to this transaction is included in long-term debt.

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. 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, use of unobservable prices or inputs is 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.

11. Other Noncurrent Liabilities

Other noncurrent liabilities consisted of the following:

	Predecessor December 29, 2013	Successor December 31, 2014
	(in thousands)	
Deferred gain, long-term	\$ 26,290	\$ —
Deferred branding incentives and other, long-term	4,242	1,598
Accrued straight-line rent	7,323	6,966
Reserve for underground storage tank removal	4,094	4,725
Unfavorable leases	—	24,917
Total	<u>\$ 41,949</u>	<u>\$ 38,206</u>

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. The following table presents the changes in the carrying amount of asset retirement obligations for the years ended December 29, 2013 and December 31, 2014:

	Predecessor		Successor
	Year Ended December 29, 2013	December 30, 2013 through August 31, 2014	September 1, 2014 through December 31, 2014
	(in thousands)		
Balance at beginning of period	\$ 4,022	\$ 4,094	\$ 4,760
Liabilities incurred	66	466	47
Liabilities settled	(331)	(73)	(149)
Accretion expense	337	273	100
Amounts related to Sunoco LP deconsolidation	—	—	(33)
Balance at end of period	<u>\$ 4,094</u>	<u>\$ 4,760</u>	<u>\$ 4,725</u>

12. Benefit Plans

We have established a 401(k) benefit plan (the Plan) for the benefit of our employees. All full-time employees who are over 21 years of age and have greater than six months tenure are eligible to participate. Under the terms of the Plan, employees can defer up to 100% of their wages, with the Company matching a portion of the first 6% of the employee's contribution. The Company's contributions to the Plan for 2012, 2013 and the periods December 30, 2014 through August 31, 2014 and September 1, 2014 through December 31, 2014, net of forfeitures, were approximately \$2.8 million, \$1.3 million, \$0.3 million, and \$5.2 million, respectively. Included in the amounts during 2012 and the period September 1, 2014 through December 31, 2014, the Company contributed a discretionary match of \$2.4 million, and \$4.9 million, respectively, based on performance. No discretionary match was contributed in 2013 or predecessor period January 1 through August 31, 2014. Effective January 1, 2015, our employees participate in ETP's 401(k) plan.

We also had established a Nonqualified Deferred Compensation Plan ("NQDC") for key executives, officers, and certain other employees to allow compensation deferrals in addition to that allowable under the 401(k) plan limitations. We matched a portion of the participant's contribution each year using the same percentage used for our 401(k) plan match. NQDC benefits were paid from our assets. The net expense incurred for this plan during each 2012 and 2013 was \$0.2 million, and 2014 was less than \$0.1 million. The unfunded accrued liability included in accrued liabilities as of December 29, 2013 was \$7.5 million. There was no unfunded accrued liability as of December 31, 2014. The NQDC Plan was terminated in the fourth quarter of 2014.

13. Related-Party Transactions

We lease nine convenience stores and two dealer sites from Sam L. Susser, several of his family members, and several entities wholly or partially owned by Mr. Susser. The leases are classified as operating leases and provide for minimum annual rentals of approximately \$2.0 million in 2015 through 2017, \$1.9 million in 2018 and \$1.8 million in 2019. The lease expiration dates range from 2018 to 2021, with additional option periods extending from 2018 to 2062. The additional option periods generally contain future rent escalation clauses. The annual rentals on related-party leases are included in the table of future minimum lease payments presented in Note 14.

Sam L. Susser owns an aircraft, which was used by us for business purposes in the course of operations while he was Chief Executive Officer. We paid Mr. Susser a fee based on the number of hours flown, maintenance, and upkeep, and reimbursed the aircraft management company for fuel and the actual out-of-pocket costs of pilots and their related expenses for Company use of the aircraft. In connection with this arrangement, we made payments to Mr. Susser in the amount of \$0.4 million, \$0.6 million and \$0.6 million during the years ended December 31, 2012 and 2013 and the period from December 30, 2013 through August 31, 2014, respectively. The Company made no payments for the charter aircraft for the period September 1, 2014 through December 31, 2014. In connection with the ETP Merger, Mr. Susser stepped down as CEO and his use of the plane for business purposes has diminished substantially. We do not anticipate that his use in the future will be material. Based on current market rates for chartering of private aircraft, we believe that the terms of this arrangement are no worse than what we could have obtained in an arm's length transaction.

Sam J. Susser and Jerry Susser collectively own a 14.82% noncontrolling interest in Susser Company, Ltd., a consolidated subsidiary of the Company. Susser Company, Ltd. owns two convenience store properties that are leased to the Company under operating leases, oil and gas royalties, and undeveloped properties. The lease payments to Susser Company were \$0.2 million in 2012, 2013 and \$0.1 million for both the periods from December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014. The future minimum lease payments are \$0.2 million in 2015 through 2018 and \$0.1 million in 2019. Sam J. and Jerry Susser do not receive any compensation or distributions as a result of their ownership of Susser Company, Ltd. and their voting rights have been assigned to a subsidiary owned by the Company.

In conjunction with the ETP transaction, we no longer consolidate SUN but include it as an equity method investment. Prior to the ETP transaction we had fully consolidated SUN and therefore eliminated intercompany transactions. As such, the following affiliated balances with both SUN and ETP are included in our balance sheet as of December 31, 2014:

- SUN has purchased 66 sites from the Company since their IPO for a total of \$133.1 at December 29, 2013 and \$285.2 million at December 31, 2014. These stores have been treated as financing obligations by the Company and the balances are included the tables for long-term debt and the future minimum debt payments presented in Note 10.
- The Company purchases all of the fuel for resale at convenient stores and consignment locations from SUN. This payable related to these purchases was \$41.4 million and is included in accounts payable.
- There is a \$1.0 million receivable from ETP related to our payment on taxes due from employees of the Company in relation to stock vestings that occurred after the transaction.

Related party transactions with SUN for the Predecessor year ended December 29, 2013 and the period December 30, 2013 through August 31, 2014 and for the Successor period September 1, 2014 through December 31, 2014 are as follows (in thousands):

	Predecessor		Successor
	Year Ended December 29, 2013	December 30, 2014 through August 31, 2014	September 1, 2014 through December 31, 2014
Motor fuel purchases from SUN	\$ 2,974,122	\$ 2,200,394	\$ 873,842
General and administrative expenses allocated to SUN, including equity-based compensation	2,154	4,768	1,454
Allocated cost of employees to SUN	11,400	8,802	3,529
Distributions from SUN	19,969	16,668	6,013
Transportation charges to SUN for delivery of motor fuel	49,994	37,874	19,949
Rent expense to SUN	6,441	9,117	6,299
Proceeds from sale-leaseback of stores to SUN	104,159	81,145	70,914
# of stores sold	25	18	15

14. Commitments and Contingencies

Leases

The Company leases a portion of its convenience store properties under non-cancellable operating leases whose initial terms are typically 10 to 20 years, along with options that permit renewals for additional periods. Minimum rent is expensed on a straight-line basis over the term of the lease. In addition to minimum rental payments, certain leases require additional contingent payments based on sales or motor fuel volume. The Company is typically responsible for payment of real estate taxes, maintenance expenses and insurance.

The components of net rent expense are as follows:

	Predecessor			Successor
	Year Ended December 30, 2012	Year Ended December 29, 2013	December 30, 2013 through August 31, 2014	September 1, 2014 through December 31, 2014
(in thousands)				
Cash rent:				
Store base rent	\$ 46,512	\$ 47,597	\$ 32,151	\$ 16,028
Equipment rent	1,636	1,522	805	213
Contingent rent	301	296	208	94
Total cash rent	\$ 48,449	\$ 49,415	\$ 33,164	\$ 16,335
Non-cash rent:				
Straight-line rent	190	311	(147)	(93)
Amortization of deferred gain	(2,232)	(2,258)	(1,581)	—
Net rent expense	\$ 46,407	\$ 47,468	\$ 31,436	\$ 16,242

Equipment rent consists primarily of store equipment and vehicles. Sublease rental income for 2012, 2013 and the periods December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014 was \$2.9 million, \$2.9 million, \$1.9 million and \$0.7 million, respectively, and is included in other income.

Future minimum lease payments, excluding sale-leasebacks accounted for as financing arrangements (see Note 10), for future fiscal years are as follows (in thousands):

2015	\$ 48,142
2016	47,480
2017	46,818
2018	46,115
2019	45,449
Thereafter	311,463
Total	<u>\$545,467</u>

Letters of Credit

Letter of Credit previously issued under the SUSS Revolver were assigned to Energy Transfer Partners at the time of the ETP Merger. As of December 31, 2014, the total amount of these assigned letters of credit was \$2.8 million.

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. In order to comply with these requirements, we have historically obtained private insurance for Texas, New Mexico and Oklahoma. These policies provide protection from third party liability claims. For 2014, our coverage was \$1.0 million per occurrence, with a \$2.0 million aggregate and \$0.5 million self-insured retention. Additionally, we rely on state trust funds that cover certain claims.

We are currently involved in the remediation of 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 its remediation activities. Accordingly, we have recorded estimated undiscounted liabilities for these sites totaling \$0.5 million and \$1.0 million, of which \$0.5 million and \$1.0 million are classified as accrued expenses and other current liabilities as of December 29, 2013 and December 31, 2014, respectively, with the balance included in other noncurrent liabilities. During the years ended December 30, 2012 and December 29, 2013 and the periods from December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014, we incurred environmental expense of \$2.7 million, \$3.1 million, \$2.4 million, and \$0.6 million, respectively.

As of December 31, 2014, the investigation and remediation of contamination at 19 sites are covered by insurance as we have already met the deductible. We currently have nine sites that remained open when the Texas Petroleum Storage Tank Remediation fund ended in August 2012, and were transferred to the State Lead Remediation Program. This program will complete the remediation at no out-of-pocket cost to the responsible party. However, the responsible party remains liable for any third party claims. An additional 12 sites have state reimbursement payments directly assigned to remediation contractors for which SUSS has no out of pocket expenses and maintains no reserve and may or may not have responsibility for contamination. The \$1.0 million reserve represents our estimate of deductibles under insurance policies that we anticipate being required to pay with respect to four additional sites. We have additional reserves of \$4.8 million that represent our estimate for future asset retirement obligations for underground storage tanks.

Self-Insurance

We are partially self-insured for our general liability and employee health insurance. We maintain insurance coverage at levels that are customary and consistent with industry standards for companies of similar size. We are a nonsubscriber under the Texas Workers' Compensation Act and maintain an ERISA-based employee injury plan, which is partially self insured. As of December 31, 2014, there are a number of outstanding claims that are of a routine nature. The estimated incurred but unpaid liabilities relating to these claims are included in other accrued expenses. Additionally, there are open claims under previous policies that have not been resolved as of December 31, 2014. While the ultimate outcome of these claims cannot presently be determined, management believes that the accrued liability of \$12.3 million will be sufficient to cover the related liability and that the ultimate disposition of these claims will have no material effect on our financial position and results of operations.

	Year Ended	
	December 29, 2013	December 31, 2014
	(in thousands)	
Balance at beginning of period	\$ 9,807	\$ 9,695
Liabilities incurred	22,151	38,338
Liabilities settled	(22,263)	(35,696)
Balance at end of period	<u>\$ 9,695</u>	<u>\$ 12,337</u>

Deferred Branding Incentives

We receive deferred branding incentives and other incentive payments from a number of our fuel suppliers. A portion of the deferred branding incentives may be passed on to our wholesale branded dealers under the same terms as required by our fuel suppliers. Many of the agreements require repayment of all or a portion of the amount received if we (or our branded dealers) elect to discontinue selling the specified brand of fuel at certain locations. As of December 31, 2014, the estimated amount of deferred branding incentives that would have to be repaid upon de-branding at these locations was \$13.2 million. Of this amount, approximately \$7.9 million would be the responsibility of SPC's branded dealers under reimbursement agreements with the dealers. In the event a dealer were to default on this reimbursement obligation, SPC would be required to make this payment. No liability is recorded for the amount of dealer obligations which would become payable upon de-branding as no such dealer default is considered probable at December 31, 2014.

We have \$3.8 million recorded for deferred branding incentives, net of accumulated amortization, on the balance sheet as of December 31, 2014, of which \$0.4 million is included in accrued expenses and other current liabilities and \$3.4 million is included in other noncurrent liabilities. The Company amortizes its retained portion of the incentives to income on a straight-line basis over the term of the agreements.

15. Interest Expense and Interest Income

The components of net interest expense are as follows:

	Predecessor			Successor
	Year Ended December 30, 2012	Year Ended December 29, 2013	December 30, 2013 through August 31, 2014	September 1, 2014 through December 31, 2014
	(in thousands)			
Cash interest expense	\$ 39,058	\$ 39,128	\$ 9,529	\$ 3,494
Capitalized interest	(1,515)	(1,035)	(546)	(227)
Amortization of loan costs and issuance discount, net	3,775	9,956	3,198	—
Cash interest income	(299)	(376)	(215)	(39)
Interest expense, net	<u>\$ 41,019</u>	<u>\$ 47,673</u>	<u>\$ 11,966</u>	<u>\$ 3,228</u>

16. Income Tax

We are subject to income taxes in the U.S., including the states of New Mexico, Oklahoma and Louisiana. Also included in our provision for income tax is a tax imposed by the state of Texas of 0.5% of gross profit in Texas ("margin tax"). The net margin tax accrued for the years ended December 29, 2013 and December 31, 2014 was \$2.7 million and \$3.7 million, respectively. SUN, as a limited partnership, is not generally subject to state and federal income tax, with the exception of the margin tax in the state of Texas. SUN is included in the SUSS combined margin tax return. In addition, SUSS includes its share of the components of SUN's taxable income in its U.S. and state income tax returns.

Components of the Company's income tax benefit and provision for fiscal years ended December 30, 2012, December 29, 2013, and the periods December 30, 2013 through August 31, 2014 and September 1, 2014 through December 31, 2014 are as follows:

	Predecessor			Successor September 1, 2014 through December 31, 2014
	Year Ended December 30, 2012	Year Ended December 29, 2013	December 30, 2013 through August 31, 2014	
	(in thousands)			
Current:				
Federal	\$ 18,913	\$ 18,893	\$ 4,538	\$ 34,441
State	2,731	3,301	652	4,949
Total current income tax expense	21,644	22,194	5,190	39,390
Deferred:				
Federal	11,865	(5,184)	3,678	27,913
State	136	(70)	32	239
Total deferred tax expense (benefit)	12,001	(5,254)	3,710	28,152
Net income tax expense	\$ 33,645	\$ 16,940	\$ 8,900	\$ 67,542

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate for the fiscal years ended December 30, 2012, December 29, 2013, and the periods December 30, 2013 through August 31, 2014 and September 31, 2014 through December 31, 2014 are as follows (in thousands, except rate):

	Predecessor						Successor	
	Twelve Months Ended						September 1, 2014 through December 31, 2014	
	December 30, 2012		December 29, 2013		December 30, through August 31, 2014			
	Amount	Tax Rate %	Amount	Tax Rate %	Amount	Tax Rate %	Amount	Tax Rate %
Tax at statutory federal rate	\$29,730	35.0%	\$17,410	35.0%	\$ 9,816	35.0%	\$66,085	35.0%
State and local tax, net of federal benefit	1,855	2.2	2,200	4.4	396	1.4%	2,665	1.4%
Investment in equity investee	3,596	4.2	3,609	7.3	—	— %	(1,076)	(0.5)%
Income attributable to noncontrolling interest	(1,600)	(1.9)	(6,473)	(13)	(3,926)	(14.0)%	—	— %
Other	64	10.0	194	40.0	2,614	9.3%	(132)	(0.1)%
Tax expense per financial statement	\$33,645	39.6%	\$16,940	34.1%	\$ 8,900	31.7%	\$67,542	35.8%

Prior to the de-consolidation of SUN in the 3rd quarter of 2014, the effective tax rate for the Company was computed as a percentage of consolidated net income before taxes and before reduction for non-controlling interests. The net income attributable to non-controlling interest, which was primarily the limited partner interests in SUN held by the public, is not taxable to the Company for federal and state income tax purposes and as such was a reconciling item in the Company's effective tax rate.

Components of deferred tax assets and liabilities are as follows:

	<u>Predecessor</u> <u>December 29,</u> <u>2013</u>	<u>Successor</u> <u>December 31,</u> <u>2014</u>
	(in thousands)	
Deferred tax assets:		
Capital lease liability	\$ 41,173	\$ 94,942
Investment in equity investee	—	—
Other	26,886	16,979
Total deferred tax assets	68,059	111,921
Deferred tax liabilities:		
Fixed assets	135,894	231,842
Investment in SUN	3,508	83,135
Intangible assets	858	191,521
Other	848	1,893
Total deferred tax liabilities	141,108	508,391
Net deferred income tax liabilities	\$ (73,049)	\$ (396,470)
Current net deferred tax assets	\$ 4,070	\$ 9,755
Noncurrent net deferred tax liabilities	\$ (77,119)	\$ (406,225)

On August 29, 2014, ETP acquired 100% of the outstanding stock of the Company. As a result of this transaction, ETP applied “push down” accounting that adjusted the book carrying value of its assets and liabilities to reflect their estimated fair values at the time of this transaction. This adjustment required the recording of additional deferred tax assets and liabilities to reflect the new differences in the book and tax basis. The net impact to deferred taxes associated with these estimated purchase accounting adjustments was the recording of an approximately \$291 million of additional deferred tax liabilities with a corresponding increase in goodwill.

On September 19, 2014, the Company sold the general partner interest in SUN to its parent ETP. As a result of this transaction, the Company no longer consolidates SUN with the Company’s results. The de-consolidation of SUN included the removal of certain deferred tax attributes associated with the Partnership’s subsidiary, Propco, from the Company’s financial statements.

The Company had no net operating loss carry forwards as of December 30, 2013 and no net operating loss carry forwards as of December 31, 2014. The Company has determined that it is more likely than not that all deferred tax assets will be realized, and has therefore determined that no valuation allowance is needed as of December 29, 2013 or December 31, 2014.

Uncertain Tax Positions

It is the Company’s policy to recognize interest and penalties related to uncertain tax positions in general and administrative expense. The Company files income and gross franchise tax returns in the U.S. federal jurisdiction, Texas, Oklahoma, New Mexico and Louisiana. The Company is subject to examination in Texas for the 2009 through 2013 tax years. Federal, Oklahoma, New Mexico and Louisiana are subject to examination for 2011-2013 tax years.

As of December 31, 2014, all tax positions taken by the Company are considered highly certain or more likely than not. There are no positions the Company reasonably anticipates will significantly increase or decrease within 12 months of the reporting date, and therefore no adjustments have been recorded related to unrecognized tax benefits.

17. Share-Based Compensation

The Company adopted the Susser Holdings Corporation 2006 Equity Incentive Plan (the 2006 Plan) on October 18, 2006. The 2006 Plan provides that an aggregate number of 2,637,277 shares may be issued under this plan. On May 21, 2013, the Company adopted the Susser Holdings Corporation 2013 Equity Incentive Plan (the 2013 Plan). The maximum aggregate number of shares of Common Stock that may be issued pursuant to awards granted under the 2013 Plan was 1,750,000. Any shares of Common Stock delivered under the 2013 Plan consisted of authorized and unissued shares, or treasury shares. Concurrent with the ETP Merger, substantially all of the outstanding grants vested, or were converted to ETP restricted or phantom units. No Susser options, restricted shares or restricted stock units remained outstanding subsequent to August 29, 2014.

Stock-based compensation expense of \$4.2 million, \$7.3 million and \$17.4 million was recognized during 2012, 2013 and the period December 30, 2013 to August 31, 2014, respectively. We received a tax deduction of \$11.1 million, \$10.1 million and \$74.7 million during fiscal 2012, 2013 and the period December 30, 2013 to August 31, 2014.

At closing of the ETP Merger, the remaining 55,627 restricted stock units and 2,395 shares of restricted stock converted to ETP phantom or restricted units, respectively. We were allocated expense by ETP of \$2.8 million for the period September 1, 2014 to December 31, 2014 related to these converted units. The majority of the 55,627 restricted stock units vested on January 2, 2015, therefore the remaining future compensation expense to be allocated to us by ETP related to the 2013 Plan is not material.

Stock Options

The following table summarizes certain information regarding stock option activity for fiscal 2012, 2013 and 2014:

	Stock Options	
	Number of Options Outstanding	Weighted Average Exercise Price
Balance at December 30, 2012	589,163	\$ 13.24
Granted	65,000	48.12
Exercised	(101,543)	14.05
Forfeited or expired	(4,500)	20.98
Balance at December 29, 2013	548,120	17.17
Granted	—	—
Exercised	(537,620)	16.52
Forfeited or expired	(10,500)	50.21
Balance at August 31, 2014 and December 31, 2014	—	—

A total of 537,620 options were exercised during 2014 with total proceeds of \$8.9 million received and intrinsic value of \$31.2 million. No new options were granted during 2014.

Following our IPO, the fair value of each option grant has been estimated using the Black-Scholes-Merton option pricing model, with the following weighted assumptions and results were used to value the options granted in 2013:

Weighted average grant fair value	\$23.49
Exercise price	\$48.12
Stock-value on date of grant	\$48.12
Risk-free interest rate	1.6%
Expected dividend yield	0.0%
Weighted average expected life (years)	6.8
Expected volatility	46.7%

Restricted Stock and Restricted Stock Units

The Company has also granted shares of restricted stock, which vest ratably over a one to four year period. The total fair value of shares vested during fiscal 2014 was approximately \$5.6 million, including shares vested due to the ETP Merger. The following table summarizes certain information regarding the restricted stock grants:

	Restricted Stock	
	Number of Shares	Grant-Date Average Fair Value Per Share
Nonvested at December 30, 2012	195,560	\$ 18.89
Granted	61,270	45.73
Vested	(89,535)	17.62
Forfeited	(7,737)	29.65
Nonvested at December 29, 2013	159,558	29.39
Granted	21,226	62.70
Vested	(170,160)	32.85
Forfeited	(8,229)	29.17
Converted to ETP restricted units	(2,395)	79.36
Nonvested at August 31, 2014 and December 31, 2014	—	—

The Company has also granted restricted stock units which were subject to performance criteria, in addition to time vesting requirements. The open performance criteria for these restricted stock units was deemed to have been met at target concurrent with the ETP Merger closing. The following table summarizes certain information regarding the restricted stock unit grants:

	Restricted Stock Units	
	Number of Units	Grant-Date Average Fair Value Per Unit
Nonvested at January 1, 2013	332,364	\$ 21.85
Granted	465,299	48.01
Vested	(63,537)	17.37
Forfeited	(194,387)	22.73
Nonvested at December 29, 2013	539,739	43.42
Granted	192,415	58.30
Vested	(374,074)	49.40
Forfeited	(302,453)	47.94
Converted to ETP phantom units	(55,627)	53.30
Nonvested at August 31, 2014 and December 31, 2014	—	—

Included in the performance shares were grants of 51,578 and 30,364 restricted stock units in 2013 and 2014, respectively, with an aggregate fair value of \$2.6 million and \$1.4 million, respectively, that were subject to market conditions and were valued using a Monte Carlo model with the following assumptions and results:

	<u>Year Ended</u> <u>December 29,</u> <u>2013</u>	<u>Year Ended</u> <u>December 31,</u> <u>2014</u>
Weighted average grant fair value	\$ 67.08	\$ 45.30
Stock-value on date of grant	\$ 50.56	\$ 60.58
Expected volatility	32.88%	32.27%
Risk-free interest rate	0.34%	0.63%
Expected dividend yield	0.00%	0.00%
Average expected life (years)	2.61	2.84

Volatility was determined based on our historical stock price over the preceding number of years to match the average expected life of the grant which is compliant under ASC 718.

Phantom Common Unit Awards

Prior to the ETP Merger, SUN had issued a total of 54,669 phantom unit awards to certain directors and employees of SUSS under the Susser Petroleum Partners LP 2012 Long Term Incentive Plan ("2012 LTIP"), of which 6,354 were issued in 2014 with an aggregate fair value of \$0.2 million. The fair value of each phantom unit on the grant date was equal to the market price of our common unit on that date, adjusted as necessary to reflect the right to receive distributions on unvested shares. The estimated fair value of our phantom units is amortized over the vesting period using the straight-line method. All unvested phantom awards outstanding at August 29, 2014 vested concurrent with the ETP Merger. Stock-based compensation expense of \$0.1 million, \$0.5 million and \$0.6 million was recognized in consolidated results for 2012, 2013 and the period December 30, 2013 to August 31, 2014, respectively, for the 2012 LTIP. Subsequent to August 31, 2014, SUN is no longer consolidated in the Company's financial statements.

18. Sunoco LP

SUN is a consolidated variable interest entity ("VIE"). The amounts shown in the parenthetical presentation on the Consolidated Balance Sheet represent the assets of SUSP that can only be used to settle the obligations of SUN and the liabilities of SUN for which creditors have no access to the general credit of SUSS. The liabilities which are guaranteed by us are as follows (in thousands):

	<u>December 29,</u> <u>2013</u>
Accounts payable	\$ 82,622
Current portion of long-term debt	25
Long-term debt and revolver	181,716

As discussed in Note 1, subsequent to September 1, 2014, the Company accounts for its investment in SUN on the equity method. The following summarizes SUN's balance sheet at December 31, 2014 and statement of operations for the period from September 1, 2014 through December 31, 2014 (in thousands):

	December 31, 2014
Current assets	\$ 225,141
Property and equipment	905,465
Goodwill	863,458
Intangible assets	172,108
Other assets	31,309
Total assets	<u>\$ 2,197,481</u>
Current liabilities	154,682
Debt	856,761
Other liabilities	49,306
Total liabilities	1,060,749
Total equity	<u>1,136,732</u>
Total liabilities and equity	<u>\$ 2,197,481</u>
	September 31, 2014 through December 31, 2014
Revenue	\$ 1,889,827
Cost of sales	1,774,582
Gross profit	115,245
Total operating expenses	68,273
Income from operations	46,972
Other	12,739
Partners' interest in net income	<u>\$ 34,233</u>

SUSSER HOLDINGS CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2015 AND MARCH 30, 2014

SUSSER HOLDINGS CORPORATION
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Susser Holdings Corporation
Consolidated Balance Sheets
Unaudited
(in thousands, except share amounts)

	December 31, 2014	March 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 58,236	\$ 49,308
Accounts receivable, net of allowance for doubtful accounts of \$77 at December 31, 2014 and \$92 at March 31, 2015	61,578	60,895
Inventories, net	120,414	117,518
Other current assets	23,276	17,022
Total current assets	263,504	244,743
Property and equipment, net	1,052,357	1,096,790
Other assets:		
Goodwill	993,731	991,797
Intangible assets, net	535,551	534,423
Investment in subsidiary, Sunoco LP	121,617	120,375
Other noncurrent assets	17,436	17,273
Total assets	<u>\$ 2,984,196</u>	<u>\$3,005,401</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 90,355	\$ 92,656
Accrued expenses and other current liabilities	56,148	45,796
Current maturities of long-term debt	15,558	17,086
Total current liabilities	162,061	155,538
Long-term debt	489,666	510,065
Deferred tax liability, long-term portion	406,225	399,059
Other noncurrent liabilities	38,206	38,542
Total liabilities	<u>1,096,158</u>	<u>1,103,204</u>
Commitments and contingencies:		
Shareholders' equity:		
Susser Holdings Corporation shareholders' equity:		
Common stock, \$.01 par value; 125,000,000 shares authorized; 21,812,724 issued and 21,794,575 outstanding at December 31, 2014 and March 31, 2015	217	217
Additional paid-in capital	1,663,664	1,663,664
Treasury stock, common shares, at cost; 194,674 as of December 31, 2014 and March 31, 2015	(1,282)	(1,282)
Retained earnings	224,643	238,801
Total Susser Holdings Corporation shareholders' equity	1,887,242	1,901,400
Noncontrolling interest	796	797
Total shareholders' equity	1,888,038	1,902,197
Total liabilities and shareholders' equity	<u>\$ 2,984,196</u>	<u>\$3,005,401</u>

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

Susser Holdings Corporation
Consolidated Statements of Operations and Comprehensive Income
Unaudited
(in thousands)

	Three Months Ended	
	March 30, 2014	March 31, 2015
	<u>Predecessor</u>	<u>Successor</u>
Revenues:		
Merchandise sales	\$ 276,375	\$ 307,884
Motor fuel sales	1,366,577	672,673
Other income	14,663	12,802
Total revenues	1,657,615	993,359
Cost of sales:		
Merchandise	182,563	205,053
Motor fuel	1,314,338	615,182
Other	1,271	420
Total cost of sales	1,498,172	820,655
Gross profit	159,443	172,704
Operating expenses:		
Personnel	58,266	65,551
General and administrative	17,457	9,833
Other operating	46,093	46,066
Rent	11,826	12,177
Loss on disposal of assets and impairment charge	973	79
Depreciation, amortization and accretion	17,041	21,570
Total operating expenses	151,656	155,276
Income from operations	7,787	17,428
Other income (expense):		
Interest expense, net	(3,172)	(2,558)
Equity investment in earnings of affiliates	—	5,370
Total other expense, net	(3,172)	2,812
Income before income taxes	4,615	20,240
Income tax expense	(1,389)	(6,081)
Net income and comprehensive income	3,226	14,159
Less: Net income and comprehensive income attributable to noncontrolling interest	5,049	1
Net income (loss) and comprehensive income (loss) attributable to Susser Holdings Corporation	<u>\$ (1,823)</u>	<u>\$ 14,158</u>

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

Susser Holdings Corporation
Consolidated Statements of Shareholders' Equity
Unaudited
(in thousands)

	Susser Holdings Corporation Shareholders						
	Noncontrolling Interest	Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Total
		Shares	Par Value				
Balance at December 31, 2014	\$ 796	21,795	\$ 217	\$1,663,664	\$ (1,282)	\$224,643	\$1,888,038
Net income	1	—	—	—	—	14,158	14,159
Balance at March 31, 2015	\$ 797	21,795	\$ 217	\$1,663,664	\$ (1,282)	\$238,801	\$1,902,197

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

Susser Holdings Corporation
Consolidated Statements of Cash Flows
Unaudited
(in thousands)

	Three Months Ended	
	March 30,	March 31,
	2014	2015
	<u>Predecessor</u>	<u>Successor</u>
Cash flows from operating activities:		
Net income and comprehensive income	\$ 3,226	\$ 14,159
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion	17,041	21,570
Amortization of deferred financing fees/debt discount, net	264	—
Loss on disposal of assets and impairment charge	973	79
Equity in earnings in unconsolidated affiliate	—	(5,370)
Distributions from unconsolidated affiliate	—	6,612
Non-cash stock based compensation	3,205	—
Deferred income tax	650	(6,582)
Excess tax benefits from stock-based compensation	(1,665)	—
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(45,982)	683
Inventories	(20,508)	2,896
Other assets	(201)	15,877
Accounts payable	29,758	(1,280)
Accrued liabilities	1,137	(10,352)
Other noncurrent liabilities	(2,877)	(7,517)
Net cash provided by (used in) operating activities	<u>(14,979)</u>	<u>30,775</u>
Cash flows from investing activities:		
Capital expenditures	(44,295)	(87,863)
Purchase of intangibles	(920)	—
Proceeds from disposal of property and equipment	10	174
Acquisition, net of cash acquired	(93,915)	—
Redemption of marketable securities	25,952	—
Net cash used in investing activities	<u>(113,168)</u>	<u>(87,689)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	24,855
Payments on long-term debt	(25,873)	(2,927)
Revolving line of credit, net	157,320	—
Proceeds from financing arrangements	—	26,058
Proceeds from issuance of equity, net of issuance costs	2,257	—
Purchase of shares for treasury	(8)	—
Excess tax benefits from stock-based compensation	1,665	—
Distributions to noncontrolling unitholders	(5,305)	—
Net cash provided by (used in) financing activities	<u>130,056</u>	<u>47,986</u>
Net increase (decrease) in cash	1,909	(8,928)
Cash and cash equivalents at beginning of year	22,461	58,236
Cash and cash equivalents at end of period	<u>\$ 24,370</u>	<u>\$ 49,308</u>
Supplemental disclosure of noncash investing activity:		
Capital expenditures included in accounts payable and accruals at end of period	\$ 3,648	\$ 3,580

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

Susser Holdings Corporation
Notes to Consolidated Financial Statements
Unaudited

1. Organization and Principles of Consolidation

The consolidated financial statements are composed of Susser Holdings Corporation (“SUSS”, “Susser” or the “Company”), a Delaware Corporation, and its consolidated subsidiaries, which operate convenience stores and distribute motor fuels in Texas, New Mexico, Oklahoma and Louisiana. The Company was formed in May 2006 and in October 2006 completed an initial public offering (IPO). Susser, through its subsidiaries and predecessors, has been acquiring, operating and supplying motor fuel to service stations, convenience stores and commercial customers since the 1930’s.

On April 27, 2014, the Company entered into an Agreement and Plan of Merger (the “ETP Merger”) with Energy Transfer Partners, L.P. (“ETP”) and certain other related entities, under which ETP acquired the outstanding common shares of Susser. By acquiring Susser, ETP also indirectly acquired the general partner interest and the incentive distribution rights (“IDRs”) in Sunoco LP (formerly known as Susser Petroleum Partners LP), and approximately 11 million Sunoco LP common units (representing approximately 50.1% of Sunoco LP’s then outstanding units). Under the terms of the ETP Merger, the shareholders of Susser had the option to elect to receive either \$80.25 in cash or 1.4506 ETP common units, or a combination of both, for each share held such that the aggregate cash paid and common units issued each represent 50% of the aggregate merger consideration. All equity awards outstanding as of April 27, 2014 that had not vested on the date of completion of the ETP Merger immediately vested, with the exception of specified awards that subsequently vested on January 2, 2015. Upon consummation of the ETP Merger, awards subject to performance criteria vested as though the underlying performance criteria had been achieved at target levels. The ETP Merger closed on August 29, 2014, at which time our common stock ceased trading on the NYSE. See Note 3 for further information.

The consolidated financial statements include the accounts of the Company and all of its wholly-owned and majority-owned subsidiaries. The Company’s primary operations are conducted by the following consolidated subsidiaries:

- Stripes LLC (“Stripes”), a Texas limited liability company, operates convenience stores located in Texas, New Mexico and Oklahoma.
- Susser Petroleum Company LLC (“SPC”), a Texas limited liability company, operates a motor fuel consignment business and provides transportation logistics services in Texas, New Mexico, Oklahoma and Louisiana. SPC is a wholly owned subsidiary of Stripes. Prior to September 25, 2012, SPC also distributed motor fuels.
- Sunoco LP (“SUN” or the “Partnership”), a Delaware limited partnership, distributes motor fuel and other petroleum lubricant products through its consolidated subsidiaries to SUSS and third parties in Texas, New Mexico, Oklahoma, and Louisiana. SUN was formed in June 2012 and completed an initial public offering (“SUN IPO”) on September 25, 2012.

Prior to September 2014, SUSS owned approximately 50% of the SUN common and subordinated units representing limited partner interests and owned 100% of SUN’s general partner, Susser Petroleum Partners GP LLC (“General Partner”). Subsequent to the ETP Merger, ETP acquired ownership of General Partner and the IDRs held by Susser for \$83.0 million. Investments in affiliated companies in which the company exercises significant influence, but which it does not control, are accounted for in the accompanying consolidated financial statements under the equity method of accounting. As such, the Company’s investment in SUN is accounted for under the equity method of accounting effective from September 1, 2014. The Company’s consolidated statements of operations for all periods prior to September 1, 2014 include the revenues and expenses of SUN.

The Company also offers minimal third-party environmental, maintenance and construction management services to the petroleum industry (including its own sites) through its subsidiary Applied Petroleum Technologies, Ltd. (“APT”), a Texas limited partnership.

All significant intercompany accounts and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Interim Financial Statements

The accompanying interim consolidated financial statements have been prepared in accordance with U. S. generally accepted accounting principles (“GAAP”) and all amounts at March 31, 2015 and for the three months ended March 30, 2014

and 2015 are unaudited. Pursuant to Regulation S-X, certain information and disclosures normally included in the annual financial statements have been condensed or omitted. The consolidated financial statements and notes included herein should be read in conjunction with the consolidated financial statements and notes included in our Annual Report for the year ended December 31, 2014 filed July XX, 2015.

Significant Accounting Policies

As of March 31, 2015, there were no other changes in significant accounting policies from those described in the December 31, 2014 audited consolidated financial statements.

Recently Issued and Adopted Accounting Pronouncements

FASB ASU No. 2015-03. In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-03, “*Interest - Imputation of Interest - (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.*” Debt issuance costs related to a recognized debt liability shall be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments in this ASU are effective for financial statements issued with fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The ASU requires retrospective application. We do not anticipate that the adoption of this ASU will have a material impact on the presentation of our financial statements.

FASB ASU No. 2015-05. In April 2015, the FASB issued ASU No. 2015-05 “*Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement.*” The amendments in this ASU provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance will not change GAAP for a customer’s accounting for service contracts. The amendments in this ASU are effective for financial statements issued with fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. We do not anticipate that the adoption of this ASU will have a material impact on the presentation of our financial statements.

3. Merger and Acquisitions

ETP Merger

As a result of the ETP Merger, Susser became a wholly-owned entity of ETP and applied “push down” accounting that required our assets and liabilities to be adjusted to fair value as of the date of the merger on August 29, 2014. Due to the application of “push down” accounting, our consolidated financial statements and certain footnote disclosures are presented in two distinct periods to indicate the application of two different bases of accounting between the periods presented. The periods prior to the ETP Merger are identified as “Predecessor” and the period after the ETP Merger is identified as “Successor”. For accounting purposes, management has designated the ETP Merger date as August 31, 2014, as the operating results and change in financial position for the intervening period are not material.

Management, with the assistance of a third party valuation firm, has estimated the fair value of our assets and liabilities as of the date of acquisition by ETP. Our identifiable intangible assets consist primarily of trade names, customer relationships, and liquor licenses. The amount of goodwill recorded represents the excess of our estimated enterprise value over the fair value of our assets and liabilities. The value of certain assets and liabilities, including the determination of their respective tax basis are preliminary in nature, and are subject to adjustment as additional information is obtained about the facts and circumstances that existed at the acquisition date. Management is reviewing the valuation and confirming the results to determine the final purchase price allocation. As a result, material adjustments to this preliminary allocation may occur in the future. The following table summarizes the post-deconsolidated “push down” accounting allocation to our assets and liabilities as of the date presented (in thousands):

	August 31, 2014
Current assets	\$ 219,998
Property and equipment	981,313
Goodwill	991,797
Intangible assets	541,055
Other noncurrent assets	38,216
Current liabilities	(250,894)
Deferred tax liability	(308,380)
Other noncurrent liabilities	(544,377)
Net assets	<u>\$ 1,668,728</u>

Acquisitions

During the three months ended March 30, 2014, the Company completed one acquisition. The Company allocated the total purchase consideration to the assets acquired and liabilities assumed based on their respective fair values as of the acquisition date. In making its purchase price allocations, the assets and liabilities acquired in these acquisitions were valued based upon estimated fair values at the date of acquisition. The estimates used in valuing all identifiable intangible assets were based upon assumptions believed to be reasonable at the date of acquisition. The acquisition is discussed below.

Sac-N-Pac Acquisition

The Company completed the acquisition of 48 convenience stores, 19 dealer supply contracts, one stand-alone branded quick-serve restaurant, five raw tracts of land for future store development and the right to acquire two tracts of land from related entities in January 2014 (“Sac-N-Pac Acquisition”). This transaction expands our retail and wholesale operations in a rapidly growing area of central Texas. The acquisition was recorded in the financial statements by allocating the purchase price to the assets acquired, including intangible assets, and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the acquisition cost over the net amounts assigned to the fair value of the assets acquired and the liabilities assumed is recorded as goodwill. The following table summarizes the final purchase accounting allocation to our assets and liabilities as of the date presented (in thousands):

	January 29, 2014
Inventories	\$ 6,879
Property and equipment	83,212
Goodwill and other intangible assets	5,400
Recapture liabilities	(949)
Other liabilities	(627)
Total consideration paid, net of cash acquired	<u>\$ 93,915</u>

4. Accounts Receivable

Accounts receivable consisted of the following:

	December 31, 2014	March 31, 2015
	<i>(in thousands)</i>	
Accounts receivable, trade	\$ 4,913	\$ 4,622
Credit card receivables	33,596	35,251
Vendor receivables for rebates, branding and others	13,716	11,210
ATM fund receivables	6,202	5,800
Notes receivable, short-term	472	388
Other receivables	2,756	3,716
Allowance for uncollectible accounts	(77)	(92)
Accounts receivable, net	<u>\$ 61,578</u>	<u>\$ 60,895</u>

An allowance for uncollectible accounts is provided based on management's evaluation of outstanding accounts receivable.

5. Inventories

Effective September 1, 2014, we adopted the LIFO inventory method for fuel inventory, to align our accounting policy with that of ETP. The impact of this change was immaterial. As the LIFO method is only permitted to be applied to year-end inventory levels, we recorded an additional adjustment to increase fuel inventory by \$16.0 million in December 2014, with a corresponding decrease to cost of sales. Additionally, due to the decline in fuel prices in late 2014, we recorded a \$16.3 million write-down of the LIFO value of fuel inventory in December 2014.

Inventories consisted of the following:

	December 31, 2014	March 31, 2015
	<i>(in thousands)</i>	
Merchandise	\$ 72,287	\$ 66,930
Fuel-retail	26,872	27,434
Fuel-consignment	7,537	9,105
Lottery	2,973	2,992
Equipment and maintenance spare parts	11,210	11,514
Allowance for inventory shortage and obsolescence	(465)	(457)
Inventories, net	<u>\$ 120,414</u>	<u>\$ 117,518</u>

An allowance for inventory shortage and obsolescence is provided based on historical shortage trends and management's assessment of any inventory obsolescence.

6. Assets Not in Productive Use

Assets Held and Used

Long-lived assets to be held and used at December 31, 2014 and March 31, 2015, classified as other noncurrent assets were \$14.1 million and \$14.3 million, respectively. These consist largely of under-performing retail stores that have been closed and excess land. These assets continue to be depreciated over their remaining useful life. There were no impairment charges recorded for the three month periods ended March 30, 2014 and March 31, 2015, respectively. Fair value is determined based on prices of market comparables. These assets are being offered for sale; however, our expectation is that it may take longer than one year to close such sales.

Assets Held for Sale

Assets held for sale are currently under contract for sale and are expected to be closed within one year. The disposition of assets held for sale during the Predecessor three month period ended March 30, 2014 and the Successor three month period

ended March 31, 2015 resulted in an immaterial gain or loss. These are included in gain/loss on disposal of assets and impairment charges in the Consolidated Statements of Operations and Comprehensive Income. As of December 31, 2014 and March 31, 2015, we had assets held for sale of \$1.1 million and \$0.9 million, respectively.

7. Property and Equipment

Property and equipment consisted of the following:

	December 31, 2014	March 31, 2015
	<i>(in thousands)</i>	
Land	\$ 237,455	\$ 255,075
Buildings and leasehold improvements	537,724	574,775
Equipment	246,686	264,442
Construction in progress	55,812	46,616
Total property and equipment	1,077,677	1,140,908
Less: Accumulated depreciation	25,320	44,118
Property and equipment, net	<u>\$ 1,052,357</u>	<u>\$1,096,790</u>

8. Intangible Assets

Goodwill

The following table reflects goodwill balances and activity for the years ended December 29, 2013 and December 31, 2014 and the three months ended March 31, 2015 (in thousands):

Balance at December 29, 2013 (Predecessor)	\$254,285
Goodwill related to Sac-N-Pac	988
Goodwill related to ETP "push down" accounting, net of previously recognized goodwill	738,458
Balance at December 31, 2014 (Successor)	\$993,731
Goodwill adjustment related to ETP "pushdown" accounting	\$ (1,934)
Balance at March 31, 2015	<u>\$991,797</u>

No impairment charges related to goodwill were recognized in 2014 or the three month period ended March 31, 2015.

Other Intangibles

The Company has finite-lived intangible assets recorded that are amortized and indefinite-lived assets that do not amortize. The indefinite-lived assets are evaluated annually for impairment. The finite-lived intangible assets consist of customer relationships, favorable leasehold arrangements, trade names and certain franchise rights, all of which are amortized over the respective lives of the agreements or over the period of time the assets are expected to contribute directly or indirectly to the Company's future cash flows. Customer relationships are being amortized over an average period of approximately 20 years. Favorable leasehold arrangements are being amortized over an average period of approximately 16 years. Loan origination costs were written off with the underlying debt.

Prior to September 2014, the Company's Stripes and Laredo Taco Company trade names were being amortized over 30 years. As of January 1, 2015, management deemed the Stripes and Laredo Taco Company trade names to be indefinite lived assets and ceased amortization.

The following table presents the gross carrying amount and accumulated amortization for each major class of intangible assets, excluding goodwill, at December 31, 2014 and March 31, 2015:

	December 31, 2014			March 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
	<i>(in thousands)</i>					
Indefinite-lived						
Trade name	\$ —	\$ —	\$ —	\$490,000	\$ 6,508	\$483,492
Liquor licenses	16,000	—	16,000	16,000	—	16,000
Finite-lived						
Customer relations	13,222	1,715	11,507	13,222	1,790	11,432
Favorable lease arrangements	22,720	1,018	21,702	22,720	997	21,723
Loan origination costs	—	—	—	—	—	—
Trade names	491,292	6,745	484,547	1,292	301	991
Other	2,003	208	1,795	1,040	255	785
Intangible assets, net	<u>\$545,237</u>	<u>\$ 9,686</u>	<u>\$535,551</u>	<u>\$544,274</u>	<u>\$ 9,851</u>	<u>\$534,423</u>

Total amortization expense on finite-lived intangibles included in depreciation, amortization and accretion for the three months ended March 30, 2014 and 2015 was \$0.3 million and \$0.9 million, respectively. The loan fee amortization included in interest expense for the three months ended March 30, 2014 was \$0.2 million. There was no amortization in interest expense recorded in 2015.

10. Long-Term Debt

Long-term debt consisted of the following:

	December 31, 2014	March 31, 2015
	<i>(in thousands)</i>	
Intercompany note payable to ETP, bearing interest at LIBOR plus 1.5%	\$ 235,000	\$235,000
Financing arrangement	269,767	291,697
Other notes payable	457	454
Total debt	505,224	527,151
Less: Current maturities	15,558	17,086
Long-term debt, net of current maturities	<u>\$ 489,666</u>	<u>\$510,065</u>

As of March 31, 2015, the carrying value of the intercompany note payable and the financing arrangement approximates fair value. Other notes payable consist of long-term, fixed-rate mortgage notes ranging from 4.0% to 7.0% maturing from 2016 to 2031. The fair value of the other notes payable is based on the par value of the loans and an analysis of the net present value of remaining payments at a rate calculated off U.S. Treasury Securities. Fair value approximates carrying value on revolving credit facilities due to their variability. The estimated fair value of the other notes payable is calculated using Level 3 inputs.

Intercompany Note

On August 29, 2014, in connection with the merger with ETP, SUSS entered into an Intercompany Promissory Note (the "Intercompany Note") with Heritage Holdings, Inc. providing SUSS with a line of credit of up to \$350 million, maturing on December 31, 2017. Initial borrowings under the Intercompany Note were used to repay the 2013 SUSS Revolver and to fund miscellaneous closing costs associated with the merger with ETP. Borrowings under the Intercompany Note accrue interest at a rate equal to the three month London interbank offer rate plus 1.5%. SUSS pays interest on the unpaid principal balance on the first business day of each month. As of March 31, 2015, borrowings under the Intercompany Note were \$235.0 million.

Financing Arrangements

The Company has entered into sale leaseback transactions with SUN for 72 of its company operated sites. The gross proceeds were \$311.3 million and were used to pay down the revolving credit agreement, which had been used to fund the

construction costs. For GAAP purposes, the Company has not met the criteria for sale leaseback accounting due to SUN being a related party and therefore transactions accounted for as financing arrangements over the course of the lease agreement. The debt related to this transaction is included in long-term debt.

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. 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, use of unobservable prices or inputs is 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.

10. Related-Party Transactions

We lease nine convenience stores and two dealer sites from Sam L. Susser, several of his family members, and several entities wholly or partially owned by Mr. Susser. The leases are classified as operating leases and provide for minimum annual rentals of approximately \$2.0 million in 2015 through 2017, \$1.9 million in 2018 and \$1.8 million in 2019. The lease expiration dates range from 2018 to 2021, with additional option periods extending from 2018 to 2062. The additional option periods generally contain future rent escalation clauses.

Sam L. Susser owns an aircraft, which was used by us for business purposes in the course of operations while he was Chief Executive Officer. We paid Mr. Susser a fee based on the number of hours flown, maintenance, and upkeep, and reimbursed the aircraft management company for fuel and the actual out-of-pocket costs of pilots and their related expenses for Company use of the aircraft. In connection with this arrangement, we made payments to Mr. Susser in the amount of \$0.1 million during the three months ended March 30, 2014. The company made no payments for the charter air craft for the period January 1, 2015 through March 31, 2015. In connection with the ETP Merger, Mr. Susser stepped down as CEO and his use of the plane for business purposes has diminished substantially. We do not anticipate that his use in the future will be material. Based on current market rates for chartering of private aircraft, we believe that the terms of this arrangement are no worse than what we could have obtained in an arm's length transaction.

Sam J. Susser and Jerry Susser collectively own a 14.82% noncontrolling interest in Susser Company, Ltd., a consolidated subsidiary of the Company. Susser Company, Ltd. owns two convenience store properties that are leased to the Company under operating leases, oil and gas royalties, and undeveloped properties. The lease payments to Susser Company are \$47 thousand and \$47 thousand for the three months ended March 30, 2014 and 2015, respectively. The future minimum lease payments are \$0.2 million in 2015 through 2018 and \$0.1 million in 2019. Sam J. and Jerry Susser do not receive any compensation or distributions as a result of their ownership of Susser Company, Ltd. and their voting rights have been assigned to a subsidiary owned by the Company.

In conjunction with the ETP transaction, we no longer consolidate SUN but include it as an equity method investment. Prior to the ETP transaction we had fully consolidated SUN and therefore eliminated intercompany transactions. As such, the following affiliated balances with both SUN and ETP are included in our balance sheet as of March 31, 2015:

- SUN has purchased 72 sites from the Company since their IPO for a total of \$311.3 million at March 31, 2015. These stores have been treated as financing obligations by the Company and the balances are included the tables for long-term debt presented in Note 9.

- The Company purchases all of the fuel for resale at convenient stores and consignment locations from SUN. This payable related to these purchases was \$49.2 million and is included in accounts payable.
- There is a \$0.7 million receivable from ETP related to our payment on taxes due from employees of the Company in relation to stock vestings that occurred after the transaction.
- There is a 0.1 million receivable from Sunoco, LLC related to fuel sales with SPC.

Related party transactions with SUN for the Predecessor three months ended March 30, 2014 and the Successor three months ended March 31, 2015 are as follows (in thousands):

	Three Months Ended	
	March 30, 2014 Predecessor	March 31, 2015 Successor
Motor fuel purchases from SUN	\$ 766,090	\$ 487,500
General and administrative expenses allocated to SUN, including equity-based compensation	835	—
Allocated cost of employees to SUN	3,414	3,011
Distributions from SUN	5,307	54
Transportation charges to SUN for delivery of motor fuel	13,257	14,519
Rent Expense to SUN	3,020	5,838
Proceeds from sale-leaseback of stores to SUN	27,300	25,156
# of stores sold	7	6

11. Commitments and Contingencies

Leases

The Company leases a portion of its convenience store properties under non-cancellable operating leases whose initial terms are typically 10 to 20 years, along with options that permit renewals for additional periods. Minimum rent is expensed on a straight-line basis over the term of the lease. In addition to minimum rental payments, certain leases require additional contingent payments based on sales or motor fuel volume. The Company is typically responsible for payment of real estate taxes, maintenance expenses and insurance.

The components of net rent expense are as follows:

	Three Months Ended	
	March 30, 2014 Predecessor	March 31, 2015 Successor
	(in thousands)	
Cash rent:		
Store base rent	\$ 12,022	\$ 12,007
Equipment rent	347	239
Contingent rent	68	58
Total cash rent	12,437	12,304
Non-cash rent:		
Straight-line rent	(53)	(127)
Amortization of deferred gain	(558)	—
Net rent expense	\$ 11,826	\$ 12,177

Letters of Credit

Letter of Credit previously issued under the SUSS Revolver were assigned to ETP at the time of the ETP Merger. As of December 31, 2014, the total amount of these assigned letters of credit was \$2.8 million.

12. Interest Expense and Interest Income

The components of net interest expense are as follows:

	Three Months Ended	
	March 30, 2014 Predecessor	March 31, 2015 Successor
	(in thousands)	
Cash interest expense	\$ 3,122	\$ 2,744
Capitalized interest	(88)	(155)
Amortization of loan costs and issuance discount, net	265	—
Cash interest income	(127)	(31)
Interest expense, net	\$ 3,172	\$ 2,558

13. Income Tax

Our interim provision for income taxes is based on our estimated annual effective tax rate for the year of 32.1% plus any discrete items. For the three months ended March 31, 2015, our computed tax rate was 30.1%, as compared to the computed tax rate for the three months ended March 30, 2014 of 30.0%. These tax rates are computed as a percentage of net income before taxes and before reduction for noncontrolling interest. Included in our provision for income tax is a tax imposed by the state of Texas of 0.5% of gross profit in Texas ("margin tax"). SUN, as a limited partnership, is not generally subject to state and federal income tax, with the exception of the margin tax in the state of Texas. SUN is subject to margin tax in the state of Texas and is included in the SUSS combined margin tax return. In addition, SUSS includes its share of the components of SUN's taxable income in its U.S. and state income tax returns.

It is the Company's policy to recognize interest and penalties related to uncertain tax positions in general and administrative expense. The Company files several income tax returns as well as either state income or franchise tax returns in Texas, Oklahoma, New Mexico and Louisiana.

On August 29, 2014, ETP acquired 100% of the outstanding stock of the Company. As a result of this transaction, ETP applied "push down" accounting that adjusted the book carrying value of its assets and liabilities to reflect their estimated fair values at the time of this transaction. This adjustment required the recording of additional deferred tax assets and liabilities to reflect the new differences in the book and tax basis. The net impact to deferred taxes associated with these estimated purchase accounting adjustments was the recording of an approximately \$291 million of additional deferred tax liabilities with a corresponding increase in goodwill.

On September 19, 2014, the Company sold the general partner interest in SUN to its parent ETP. As a result of this transaction, the Company no longer consolidates SUN with the Company's results. The de-consolidation of SUN included the removal of certain deferred tax attributes associated with the Partnership' subsidiary, Propco, from the Company's financial statements.

The Company has determined that it is more likely than not that all deferred tax assets will be realized, and has therefore determined that no valuation allowance is needed as of December 31, 2014 and March 31, 2015.

Uncertain Tax Positions

It is the Company's policy to recognize interest and penalties related to uncertain tax positions in general and administrative expense. The Company files income and gross franchise tax returns in the U.S. federal jurisdiction, Texas, Oklahoma, New Mexico and Louisiana. The Company is subject to examination in Texas for the 2009 through 2014 tax years. Federal, Oklahoma, New Mexico and Louisiana are subject to examination for 2011-2014 tax years.

As of December 31, 2014, all tax positions taken by the Company are considered highly certain or more likely than not. There are no positions the Company reasonably anticipates will significantly increase or decrease within 12 months of the reporting date, and therefore no adjustments have been recorded related to unrecognized tax benefits.

14. Share-Based Compensation

The Company adopted the Susser Holdings Corporation 2006 Equity Incentive Plan (the 2006 Plan) on October 18, 2006. The 2006 Plan provides that an aggregate number of 2,637,277 shares may be issued under this plan. On May 21, 2013, the Company adopted the Susser Holdings Corporation 2013 Equity Incentive Plan (the 2013 Plan). The maximum aggregate number of shares of Common Stock that may be issued pursuant to awards granted under the 2013 Plan was 1,750,000. Any shares of Common Stock delivered under the 2013 Plan consisted of authorized and unissued shares, or treasury shares. Concurrent with the ETP Merger, substantially all of the outstanding grants vested, or were converted to ETP restricted or phantom units. No Susser options, restricted shares or restricted stock units remained outstanding subsequent to August 29, 2014.

Following is a summary of options, restricted stock and restricted stock units which have been granted under the Company's plans:

	Stock Options	
	Number of Options Outstanding	Weighted Average Exercise Price
Balance at December 29, 2013	548,120	17.17
Granted	—	—
Exercised	(194,255)	10.85
Forfeited or expired	(10,500)	50.21
Balance at March 30, 2014	343,365	\$ 19.73
Exercisable at March 30, 2014	234,061	\$ 13.17
Vested and expected to vest at March 30, 2014	337,669	\$ 19.77

	Restricted Stock	
	Number of Shares	Grant-Date Average Fair Value Per Share
Nonvested at December 29, 2013	159,558	29.39
Granted	18,831	60.58
Vested	(8,740)	44.05
Forfeited	(6,394)	28.33
Nonvested at March 30, 2014	163,255	\$ 32.39

	Restricted Stock Units	
	Number of Units	Grant-Date Average Fair Value Per Unit
Nonvested at December 29, 2013	539,739	43.42
Granted	191,009	58.15
Vested	—	—
Forfeited (1)	(225,741)	44.26
Nonvested at March 30, 2014	505,007	\$ 49.91
Remain subject to performance criteria	332,408	\$ 56.98

(1) Includes a total of 186,397 units forfeited due to incomplete attainment of all performance criteria.

During the first quarter of 2014, we granted 18,831 shares of restricted stock with an aggregate fair value of \$1.1 million. During the first quarter of 2014, we granted 191,009 restricted stock units with an aggregate fair market value of \$11.1 million. Included in the restricted stock units granted are 30,364 units subject to market performance conditions that were valued at an aggregate \$1.4 million using a Lattice Model.

Phantom Common Unit Awards

Prior to the ETP Merger, SUN had issued a total of 54,669 phantom unit awards to certain directors and employees of SUSS under the Susser Petroleum Partners LP 2012 Long Term Incentive Plan ("2012 LTIP"), of which 6,354 were issued in 2014 with an aggregate fair value of \$0.2 million. The fair value of each phantom unit on the grant date was equal to the market price of our common unit on that date, adjusted as necessary to reflect the right to receive distributions on unvested shares. The estimated fair value of our phantom units is amortized over the vesting period using the straight-line method. All unvested phantom awards outstanding at August 29, 2014 vested concurrent with the ETP Merger. Stock-based compensation expense was \$3.2 million during the three months ended March 30, 2014.

15. Subsequent Events

Subsequent events have been evaluated through July 14, 2015, the date the consolidated financial statements were available to be issued.

On July 14, 2015, SUN entered into a Contribution Agreement (the "Contribution Agreement") with the Company, Heritage Holdings, Inc. ("HHI"), ETP Holdco Corporation ("ETP Holdco" and together with HHI, the "Contributors"), Sunoco GP LLC, the General Partner of SUN, and ETP. Pursuant to the terms of the Contribution Agreement, SUN agreed to acquire from the Contributors 100% of the issued and outstanding shares of capital stock of the Company. Pursuant to the terms of the Contribution Agreement, ETP has agreed to guarantee all of the obligations of the Contributors under the Contribution Agreement.

SUNOCO LP

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Introduction

The following unaudited pro forma combined financial statements of Sunoco LP (“SUN”) reflects the pro forma impacts of multiple transactions, each of which is described in the following sections. Our unaudited pro forma financial statements as of and for the three months ended March 31, 2015 and for the year ended December 31, 2014, reflect the following transactions:

- The previously reported October 1, 2014 acquisition of Mid-Atlantic Convenience Stores, LLC (“MACS”) from Energy Transfer Partners, L.P. (“ETP”), the owner of our general partner and a 42.8% limited partner interest in us, for total consideration consisting of (i) \$556 million in cash, subject to adjustment for working capital, and (ii) 3,983,540 of our common units (the “MACS Acquisition”);
- The previously reported December 16, 2014, acquisition of Aloha Petroleum, Ltd. (“Aloha”) for cash consideration of \$240 million, subject to a post-closing earn-out and certain closing adjustments (the “Aloha Acquisition”);
- The previously reported April 1, 2015 acquisition of a 31.58% interest in Sunoco, LLC (“Sunoco LLC”) from ETP Retail Holdings, LLC (“ETP Retail”), which is wholly owned by ETP, for total consideration consisting of approximately \$775.0 million in cash and \$40.8 million of our common units, including the issuance of \$800.0 million of 6.375% senior notes due 2023 (the “2023 notes”) (the “Sunoco LLC Acquisition”); and
- The proposed contribution of Susser Holdings Corporation (“Susser”) through a Contribution Agreement (“Contribution Agreement”) between Susser, Sunoco GP LLC, our general partner, ETP Holdco Corporation, an indirect wholly owned subsidiary of ETP (“ETP Holdco”), and Heritage Holdings, Inc., an indirect wholly owned subsidiary of ETP (“Heritage Holdings”), for total consideration consisting of approximately \$967.0 million of our Class B units and \$967.0 million in cash, subject to working capital adjustments, comprised of borrowings under our revolving credit facility, the proposed concurrent offering of approximately \$500.0 million in senior notes and the proposed issuance of 5.5 million common units for estimated aggregate net proceeds of approximately \$233.7 based on the last sale price of our common units on July 14, 2015 of \$44.0 per common unit (after deducting underwriting discounts and commissions and estimated offering expenses) (the “Susser Acquisition”).

The historical financial information included in the column entitled “SUN” was derived from the audited consolidated financial statements included in SUN’s Annual Report on Form 10-K for the year ended December 31, 2014 and the unaudited consolidated financial statements included in SUN’s Quarterly Report on Form 10-Q for the three months ended March 31, 2015.

The unaudited pro forma condensed combined statements of operations assumes that the above transactions were consummated as of January 1, 2014. The unaudited pro forma condensed combined balance sheet assumes that the above transactions (other than the MACS Acquisition and the Aloha Acquisition) were completed as of March 31, 2015. The MACS Acquisition and Aloha Acquisition are already reflected in our balance sheet as of March 31, 2015. The pro forma results for the year ended December 31, 2014 of the MACS Acquisition, Aloha Acquisition, and Sunoco LLC Acquisition were previously provided in our Current Report on Form 8-K on April 2, 2015.

MACS Acquisition

On September 25, 2014, SUN entered into a contribution agreement with MACS, ETC M-A Acquisition LLC (“ETC”) and ETP, whereby SUN agreed to acquire all of the issued and outstanding membership interests of MACS from ETC for \$556 million in cash, subject to adjustment for working capital, and 3,983,540 SUN common units. SUN initially financed the cash portion of the purchase price by utilizing availability under its revolving credit facility, subsequently raising net proceeds of \$405 million from the sale of 9.1 million common units which were used to repay revolver borrowing. The MACS Acquisition was completed on October 1, 2014.

SUN is accounting for the acquisition of MACS as a transfer of net assets between entities under common control. As such, the MACS assets acquired from ETP have been recorded by SUN at ETP’s historic carrying value, and SUN has included the activities of MACS in its 2014 audited financial statements as of the September 1, 2014 date of common control for accounting purposes. Financial statements for MACS were previously provided as attachments 99.2 and 99.3 to our Current Report on Form 8-K/A on October 21, 2014.

Aloha Acquisition

On September 25, 2014, SUN and Susser Petroleum Property Company LLC (“Propco”), a wholly owned subsidiary of SUN, entered into a purchase and sale agreement in which SUN and Propco agreed to acquire all of the issued and outstanding shares of capital stock of Aloha for base consideration of \$240 million in cash, subject to a post-closing earn-out and certain closing adjustments. Consummation of the Aloha Acquisition occurred on December 16, 2014. SUN financed the purchase of Aloha by utilizing availability under its revolving credit facility. SUN’s management currently plans to contribute certain assets from Propco to SUN at a future date; however, the impact of this discretionary management action is not included in the accompanying pro forma combined financial information.

The pro forma adjustments reflect a preliminary purchase price allocation. The carrying values of assets and liabilities (excluding intangibles and non-current liabilities) in this preliminary estimate were assumed to approximate their fair values. Our identifiable intangible assets consist primarily of dealer relationships. The amount of goodwill preliminarily recorded represents the excess of our estimated enterprise value over the fair value of our assets and liabilities. The value of certain assets and liabilities are preliminary in nature, and are subject to adjustment as additional information is obtained about the facts and circumstances that existed at the acquisition date. As a result, material adjustments to this preliminary allocation may occur in the future. Management is reviewing the valuation and confirming the results to determine the final purchase price allocation.

Sunoco LLC Acquisition

On March 23, 2015, we entered into a contribution agreement with ETP Retail and ETP to acquire a 31.58% membership interest in Sunoco, LLC, for total consideration of \$775 million in cash and \$40.8 million of our common units. We have a 50.1% voting interest in Sunoco, LLC. The Sunoco LLC Acquisition was completed on April 1, 2015.

SUN is accounting for the Sunoco LLC Acquisition as a transfer of net assets under common control. As such, the Sunoco LLC assets acquired from ETP have been recorded by SUN at ETP’s historic carrying value, and SUN will recast its historical financial statements to include the operations of Sunoco, LLC as of the September 1, 2014 date of common control for accounting purposes. Because we will have a controlling interest in Sunoco LLC as a result of our 50.1% voting interest, our pro forma financial results and balance sheet reflect the results of Sunoco LLC on a consolidated basis, which means that, except as otherwise indicated, our pro forma financial results and balance sheet reflect 100% of the assets and operations of Sunoco LLC, even though our pro forma economic interest is only 31.58%.

Susser Acquisition

On July 14, 2015 we, as the acquirer, entered into a Contribution Agreement with Susser, our general partner, ETP Holdco Corporation, and Heritage Holdings, pursuant to which we agreed to acquire 100% of the issued and outstanding shares of capital stock of Susser, which we will immediately contribute to SPOC and immediately thereafter, cause SPOC to contribute to PropCo. Total consideration will be \$967.0 million in cash and \$967.0 million of our common units.

Adjustments for the above-listed transactions are presented in the following schedules, and further described in the notes to the unaudited pro forma combined financial statements. Certain information normally included in the financial statements prepared in accordance with GAAP has been condensed or omitted in accordance with the rules and regulations of the SEC. The unaudited pro forma combined financial statements and accompanying notes should be read in conjunction with the historical financial statements and related notes thereto.

The unaudited pro forma condensed combined financial statements do not purport to be indicative of the results of operations or financial position that we actually would have achieved if the transactions had been consummated on the dates indicated, nor do they project our results of operations or financial position for any future period or date.

SUNOCO LP
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF MARCH 31, 2015
(Dollars in thousands)

	<u>Historical</u>		<u>Pro Forma</u>	<u>Pro Forma Combined,</u>	<u>Historical</u>	<u>Pro Forma</u>	<u>Pro Forma Combined,</u>
	<u>SUN</u>	<u>Sunoco LLC</u>	<u>Adjustments</u>	<u>Before Susser</u>	<u>Susser</u>	<u>Adjustments</u>	<u>After Susser</u>
				<u>Acquisition</u>			<u>Acquisition</u>
ASSETS:							
Cash and cash equivalents	\$ 50,971	\$ 122	\$ —	\$ 51,093	\$ 49,308	\$ —	\$ 100,401
Advances to affiliated companies	—	197,820	(190,820) (m)	7,000	—	—	7,000
Accounts receivable, net of allowance	65,704	106,873	—	172,577	60,895	—	233,472
Accounts receivable affiliates	33,511	68,519	(62,579) (m)	39,451	—	(28,475) (p)	10,976
Inventories, net	52,683	206,626	—	259,309	117,518	(6,868) (p)	369,959
Other current assets	9,051	41,943	—	50,994	17,022	13,230 (z)	81,246
Total current assets	211,920	621,903	(253,399)	580,424	244,743	(22,113)	803,054
Property and equipment, net	927,760	390,869	—	1,318,629	1,096,790	(293,693) (r)	2,121,726
Goodwill	864,088	—	—	864,088	991,797	—	1,855,885
Intangible assets, net	169,579	205,715	13,500 (g)	388,794	534,423	6,500 (t)	929,717
Investment in subsidiary	—	—	—	—	120,375	(120,375) (u)	—
Other noncurrent assets	37,058	938	—	37,996	17,273	(20,969) (w)	34,300
Total assets	\$2,210,405	\$1,219,425	\$ (239,899)	\$ 3,189,931	\$3,005,401	\$ (450,650)	\$ 5,744,682
LIABILITIES AND PARTNERS' EQUITY:							
Accounts payable	\$ 106,916	\$ 354,512	\$ —	\$ 461,428	\$ 92,656	\$ (28,480) (p)	\$ 525,604
Accounts payable affiliates	2,605	70,280	(62,579) (m)	10,306	—	—	10,306
Current maturities of long-term debt	13,749	—	—	13,749	17,086	(17,072) (v)	13,763
Accrued liabilities and other current liabilities	45,531	—	—	45,531	45,796	—	91,327
Total current liabilities	168,801	424,792	(62,579)	531,014	155,538	(45,552)	641,000
Revolving line of credit	684,775	—	(11,500) (h)	673,275	—	239,615 (t)	912,890
Long term debt	171,412	—	800,000 (g)	971,412	510,065	(509,626) (v)	971,851
						500,000 (t)	500,000
Deferred tax liability - long term	—	—	—	—	399,059	(20,969) (w)	378,090
Other noncurrent liabilities	49,396	2,381	—	51,777	38,542	—	90,319
Total liabilities	1,074,384	427,173	725,921	2,227,478	1,103,204	163,468	3,494,150
Noncontrolling interest	(4,798)	—	411,496 (j)	406,698	797	—	407,495
Partners' equity	1,140,819	792,252	(1,377,316) (n)	555,755	1,901,400	(614,118) (x)	1,843,037
Total liabilities and partners' equity	\$2,210,405	\$1,219,425	\$ (239,899)	\$ 3,189,931	\$3,005,401	\$ (450,650)	\$ 5,744,682

SUNOCO LP
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Dollars in thousands)

	<u>Historical</u>		<u>Pro Forma</u>	<u>Pro Forma Combined,</u>	<u>Historical</u>	<u>Pro Forma</u>	<u>Pro Forma Combined,</u>
	<u>SUN</u>	<u>Sunoco LLC</u>	<u>Adjustments</u>	<u>Before Susser</u>	<u>Susser</u>	<u>Adjustments</u>	<u>After Susser</u>
				<u>Acquisition</u>			<u>Acquisition</u>
Revenues:							
Merchandise sales	\$ 47,519	\$ —	\$ —	\$ 47,519	\$ 307,884	\$ —	\$ 355,403
Retail motor fuel	160,761	—	—	160,761	609,608	—	770,369
Motor fuel sales - third parties	413,847	2,378,577	(343,569) (c)	2,448,855	—	—	2,448,855
Motor fuel sales - affiliated	487,500	424,603	(75,418) (c)	836,685	63,065	(487,500) (p)	412,250
Other Income	20,101	9,990	—	30,091	12,802	(5,838) (q)	37,055
Total revenues	1,129,728	2,813,170	(418,987)	3,523,911	993,359	(493,338)	4,023,932
Cost of Sales:							
Merchandise	34,825	—	—	34,825	205,053	—	239,878
Retail motor fuel	139,564	—	—	139,564	555,028	—	694,592
Motor fuel - third parties	388,632	1,943,684	(343,569) (c)	1,988,747	—	—	1,988,747
Motor fuel - affiliated	478,418	796,783	(75,418) (c)	1,199,783	60,154	(485,807) (p)	774,130
Other	1,240	—	—	1,240	420	—	1,660
Total Cost of Sales	1,042,679	2,740,467	(418,987)	3,364,159	820,655	(485,807)	3,699,007
Gross Profit	87,049	72,703	—	159,752	172,704	(7,531)	324,925
Operating Expenses:							
Selling, general and administrative	42,804	36,443	—	79,247	133,627	—	212,874
Loss (gain) on disposal of assets/impairment	(266)	140	—	(126)	79	—	(47)
Depreciation, amortization and accretion	17,566	12,670	—	30,236	21,570	(3,876) (r)	47,930
Total operating expenses	60,104	49,253	—	109,357	155,276	(3,876)	260,757
Income from operations	26,945	23,450	—	50,395	17,428	(3,655)	64,168
Other income (expense):							
Interest expense, net	(8,197)	1,066	(13,172) (g)	(20,167)	(2,558)	1,712 (s)	(29,634)
			136 (h)			(8,621) (t)	
Other miscellaneous	—	—	—	—	5,370	(5,370) (u)	—
Total other income (expense)	(8,197)	1,066	(13,036)	(20,167)	2,812	(12,279)	(29,634)
Income (loss) before income tax	18,748	24,516	(13,036)	30,228	20,240	(15,934)	34,534
Income tax (expense) benefit	(830)	—	—	(830)	(6,081)	1,728 (z)	(5,183)
Net Income	17,918	24,516	(13,036)	29,398	14,159	(14,206)	29,351
Less: Net income attributable to NCI	846	—	16,774 (j)	17,620	1	—	17,621
Net income attributable to SUN LP	\$ 17,072	\$ 24,516	\$ (29,810)	\$ 11,778	\$ 14,158	\$ (14,206)	\$ 11,730

Net income per limited partner**unit:**

Common - basic	\$0.44		\$0.68		\$0.13
Common - diluted	\$0.44		\$0.68		\$0.13
Subordinated - (basic and diluted)	\$0.44		\$0.68		\$0.13

Weighted average limited partner**units outstanding (diluted):**

Common units - basic	14,206,536	10,668,002 (I)	24,874,538	27,398,409 (I)	52,272,947
Common units - equivalents	17,112		17,112		17,112
Common units - diluted	14,223,648	10,668,002 (I)	24,891,650	27,398,409 (I)	52,290,059
Subordinated units	10,939,436		10,939,436	10,939,436 (I)	21,878,872

SUNOCO LP
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Dollars in thousands)

	Historical SUN (l)	MACS (a)	Aloha (b)	Sunoco LLC	Adjustments	Pro Forma Combined, Before Susser Acquisition	Historical Susser (l)	Pro Forma Adjustments SUN (o)	Adjustments	Pro Forma Combined, After Susser Acquisition
Revenues:										
Merchandise sales	\$ 52,275	\$ 88,616	\$ 47,084	\$ —	\$ —	\$ 187,975	\$1,247,796	\$ —	\$ —	\$ 1,435,771
Retail motor fuel	228,895	446,019	188,886	—	—	863,800	4,748,855	—	—	5,612,655
Motor fuel sales - third parties	1,987,770	560,501	431,747	14,067,955	(1,438,223) (c)	15,609,750	—	(1,275,422)	—	14,334,328
Motor fuel sales - affiliated	3,074,236	—	—	3,232,383	(325,877) (c)	5,980,742	387,309	(2,200,394)	(867,734) (p)	3,299,923
Other Income	38,840	16,319	20,042	40,721	—	115,922	50,433	(16,373)	(6,299) (q)	143,683
Total revenues	5,382,016	1,111,455	687,759	17,341,059	(1,764,100)	22,758,189	6,434,393	(3,492,189)	(874,033)	24,826,360
Cost of Sales:										
Merchandise	38,820	64,234	34,292	—	—	137,346	828,860	—	—	966,206
Retail motor fuel	198,503	419,374	159,412	—	—	777,290	4,457,519	—	—	5,234,809
Motor fuel - third parties	1,926,622	531,584	398,272	12,488,867	(1,438,223) (c)	13,907,121	—	(1,252,141)	—	12,654,980
Motor fuel - affiliated	3,038,503	—	—	4,555,291	(325,877) (c)	7,267,917	364,123	(2,177,028)	(872,187) (p)	4,582,825
Other	3,642	—	1,576	—	—	5,218	3,667	(2,339)	—	6,546
Total Cost of Sales	5,206,090	1,015,192	593,553	17,044,158	(1,764,100)	22,094,892	5,654,169	(3,431,508)	(872,187)	23,445,366
Gross Profit	175,926	96,263	94,206	296,901	—	663,297	780,224	(60,681)	(1,846)	1,380,994
Operating Expenses:										
Selling, general and administrative	71,873	37,965	64,827	167,210	—	341,875	607,446	(22,768)	—	926,553
Loss (gain) on disposal of assets/impairment	2,631	295	241	(2,450)	—	717	1,614	39	—	2,370
Depreciation, amortization and accretion	26,955	20,536	9,772	50,547	204 (d)	108,014	79,996	(10,457)	(4,438) (r)	173,115
Acquisition transaction costs	—	—	523	—	(523) (d)	—	—	—	—	—
Total operating expenses	101,459	58,796	75,363	215,307	(319)	450,606	689,056	(33,186)	(4,438)	1,102,038
Income from operations	74,467	37,467	18,843	81,594	319	212,691	91,168	(27,495)	2,592	278,956
Other income (expense):										
Interest expense, net	(14,329)	(6,802)	(2,696)	—	(7,175) (e)	(80,452)	(15,194)	4,767	1,855 (s)	(123,508)
	—	—	—	—	2,696 (f)	—	—	—	(34,484) (t)	—
	—	—	—	—	(52,688) (g)	—	—	—	—	—
	—	—	—	—	542 (h)	—	—	—	—	—
Other miscellaneous	—	—	134	—	—	134	140,885	—	(140,885) (u)	134
Total other income (expense)	(14,329)	(6,802)	(2,562)	—	(56,625)	(80,318)	125,691	4,767	(173,514)	(123,374)
Income (loss) before income tax	60,138	30,665	16,281	81,594	(56,306)	132,373	216,859	(22,728)	(170,922)	155,582
Income tax (expense) benefit	(2,352)	(0)	(6,607)	(44,862)	41,663 (i)	(12,158)	(76,442)	218	11,502	(76,880)
Net Income	57,786	30,665	9,674	36,732	(14,643)	120,215	140,417	(22,510)	(159,420)	78,702
Less: Net income										
attributable to NCI	1,043	2,086	—	—	55,826 (j)	58,955	11,217	—	(11,217) (y)	58,955

Net income attributable to SUN LP	\$ 56,743	\$ 28,579	\$ 9,674	\$ 36,732	\$ (70,469)	\$ 61,260	\$ 129,200	\$ (22,510)	\$ (148,203)	\$ 19,747
Net income per limited partner unit:										
Common - basic	\$ 1.96					\$ 2.29				\$ 0.17
Common - diluted	\$ 1.96					\$ 2.29				\$ 0.17
Subordinated - (basic and diluted)	\$ 1.96					\$ 2.29				\$ 0.17
Weighted average limited partner units outstanding (diluted):										
Common units - basic	14,206,536			10,668,002 (i)		24,874,539		27,398,409 (I)		52,272,947
Common units - equivalents	17,112					17,112				17,112
Common units - diluted	14,223,648			10,668,002 (i)		24,891,650		27,398,409 (I)		52,290,059
Subordinated units	10,939,436					10,939,436		10,939,436 (I)		21,878,872

(1) Reflects combined historical results of the predecessor and successor periods of SUN and Susser.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

As previously presented in our Current Report on Form 8-K/A filed on March 2, 2015 and in our Current Report on Form 8-K on March 23, 2015, the unaudited pro forma condensed combined statement of operations presented above gives effect to the MACS Acquisition, Aloha Acquisition and the Sunoco LLC Acquisition as if all of these transactions had been consummated as of January 1, 2014.

- (a) To reflect the addition of MACS operating results for the eight months ended August 31, 2014. These amounts reflect the unaudited results for the nine months ended September 30, 2014, reduced by the results for the month of September 2014 which has already been reflected in our audited results of operations for the twelve months ended December 31, 2014. We previously filed audited financial statements for MACS in our Current Report on Form 8-K/A filed on October 21, 2014. Additional information regarding the MACS Acquisition may be found in the Notes to Consolidated Financial Statements included in our Form 10-K filed on February 27, 2015.
- (b) To reflect the operating results for Aloha for the 11.5 months ended December 15, 2014. These amounts reflect the unaudited results for the nine months ended September 30, 2014, included as Exhibit 99.2 in our Current Report on Form 8-K/A filed on March 2, 2015, plus Aloha's results of operations for the period October 1, 2014 through December 15, 2014. Aloha's results for the period December 16, 2014 through December 31, 2014 are included in SUN's 2014 results. We previously filed audited financial statements for Aloha in our Current Report on Form 8-K/A filed on October 21, 2014. Additional information regarding the Aloha Acquisition may be found in the Notes to Consolidated Financial Statements included in our Form 10-K filed on February 27, 2015.
- (c) To conform the Aloha and Sunoco LLC accounting policies for the presentation of motor fuel taxes as gross in motor fuel sales and motor fuel cost of sales, to SUN's accounting policy to present wholesale motor fuel taxes net in motor fuel sales and motor fuel cost of sales.
- (d) To reflect the acquisition of Aloha by Propco to include the amortization on the estimated fair value of the trade name over 15 years, and elimination of non-recurring acquisition expenses.
- (e) To reflect interest expense on the \$150.8 million and \$240.0 million draw on our revolving credit facility required to finance the cash payment made to ETP for the acquisition of MACS and Aloha, respectively. The borrowing rate as of February 27, 2014 of 2.2% is assumed for the entire period presented.
- (f) To remove historical interest expense related to Aloha's \$32.2 million of debt that was repaid concurrent with the closing of the Aloha Acquisition.
- (g) To reflect the issuance of \$800.0 million senior notes in connection with the Sunoco LLC Acquisition. Cash interest expense is based on the notes issued at par and at a 6.375% coupon. Additionally reflects an estimated \$13.5 million loan issuance expenses related to the new senior notes to be recorded as an intangible asset with an eight year amortization, and \$1.7 million amortization expense included in non-cash interest expense.
- (h) To reflect a partial paydown of the revolving credit facility with proceeds of the senior notes offering in excess of cash required for the Sunoco LLC Acquisition, including \$13.5 million estimated loan issuance expenses. The related reduction in interest expense assumes the rate as of March 13, 2015 of 2.2% for the entire period.
- (i) To reflect the estimated income tax provision for the portion of MACS operations that is included in Propco's results of operations, at an estimated combined federal and state statutory tax rate of 39.6%. Additionally, eliminates income tax expense prior to June 1, 2014, at which time Sunoco LLC was formed and ceased being a taxable entity.
- (j) To reflect the 68.42% non-controlling interest in Sunoco LLC.
- (k) To adjust the weighted average common units outstanding for the issuance of approximately 4.0 million units to ETP in October 2014, and the issuance of a total of approximately 9.1 million units to the public in October and November 2014, as if they had been issued on January 1, 2014 for purposes of calculating pro forma earnings per unit. Further adjusted for the issuance of 0.8 million common units to ETP in connection with the Sunoco LLC acquisition.

The unaudited pro forma condensed combined financial statements presented above further gives effect to the Susser Acquisition as if this transaction had been consummated as of January 1, 2014 for the unaudited pro forma condensed statements of operations. The unaudited pro forma condensed combined financial statements presented above also further gives effect to the Sunoco LLC Acquisition and the Susser Acquisition as of March 31, 2015 for the unaudited pro forma condensed combined balance sheet.

- (l) To reflect the issuance of (i) 21,978,980 Class B units, 79,308 common units and 10,939,436 subordinated units to ETP, (ii) 5.5 million common units to the public, and (iii) 11,018,744 Class A Units upon the conversion or exchange, as applicable, of 79,308 common units and 10,939,436 subordinated units held by Susser Holdings.
- (m) To eliminate \$62.6 million intercompany accounts receivable and payable between Sunoco LP and Sunoco LLC, and to adjust advances to affiliated companies to reflect cash deemed distributed to parent on formation and actually distributed subsequent to formation.
- (n) To reflect the acquisition of Sunoco LLC from ETP. The net adjustment to partners' equity is comprised of the following adjustments (in millions):

Eliminate historic Sunoco LLC equity	\$ (792.3)
Issuance of units in exchange for 31.58% net assets acquired	190.0
Deemed distribution	(775.0)
Net adjustment to partners' equity	<u>\$ (1,377.3)</u>

- (o) To eliminate the eight months of SUN activity included in Susser's historical financial statements, as Susser consolidated SUN prior to the ETP Merger.
- (p) To eliminate purchase and sale transactions of fuel between Susser and SUN. Sun has a long-term distribution contract under which it is the exclusive distributor of motor fuel to Susser's existing Stripes ® convenience stores and independently operated consignment locations, and to all future sites purchased by the Partnership pursuant to the sale and leaseback option under the Omnibus Agreement (see below), at cost, including tax and transportation costs, plus a fixed profit margin of three cents per gallon. In addition, all future motor fuel volumes purchased for its own account will be added to the distribution contract pursuant to the terms of the Omnibus Agreement.
- (q) To eliminate the rental income on the sale-leaseback transactions between Susser and SUN. Sun entered into an Omnibus Agreement with Susser pursuant to which, among other things, Sun received a three-year option to purchase from Susser up to 75 of Susser's new or recently constructed Stripes ® convenience stores at their cost and lease the stores back to them at a specified rate for a 15-year initial term, and we will be the exclusive distributor of motor fuel to such stores for a period of ten years from the date of purchase. We also received a ten-year right to participate in acquisition opportunities with Susser, to the extent we and Susser are able to reach an agreement on terms, and the exclusive right to distribute motor fuel to certain of Susser's newly constructed convenience stores and independently operated consignment locations. The Omnibus Agreement also provides for certain indemnification obligations between Susser and the Partnership.
- (r) To eliminate assets and related depreciation related to the sale-leaseback transactions between Susser and SUN (see note (q) above).
- (s) To eliminate the interest expense on the sale-leaseback transactions between Susser and SUN. SUN has purchased 72 sites from Susser since their IPO for a total of \$311.3 million at March 31, 2015. These stores have been treated as financing obligations by the Company (see note (q) above).
- (t) To reflect the issuance of \$500.0 million senior notes in connection with the Susser Acquisition. Cash interest expense is based on the notes issued at par and at a 5.625% coupon. Estimated \$6.5 million loan issuance expenses related to the new senior notes to be recorded as an intangible asset with a five year amortization, and \$1.3 million amortization expense included in non-cash interest expense. Additionally, reflects interest expense on the \$239.6 million draw on our revolving credit facility required to finance the cash payment made to ETP including the loan issuance costs. A borrowing rate of 2.2% is assumed for the entire period presented.
- (u) To eliminate the equity method accounting effects of SUN for the period between September 1, 2014 and December 31, 2014, after the ETP Merger. Prior to September 2014, SUSS owned approximately 50% of the SUN common and subordinated units representing limited partner interests and owned 100% of SUN's general partner, Susser Petroleum Partners GP LLC ("General Partner"). Accordingly, Susser consolidated SUN prior to September 1, 2014 and reflected a noncontrolling interest. Subsequent to the ETP Merger, ETP acquired ownership of General Partner and the IDRs held by Susser for \$83.0 million. Investments in affiliated companies in which the company exercises significant influence, but which it does not control, are accounted for in the accompanying consolidated financial statements under the equity method of accounting. As such, the Company's investment in SUN is accounted for under the equity method of accounting effective from September 1, 2014.
- (v) To eliminate the note payable between Susser and SUN for the sale-leaseback transactions (see note (q) above).
- (w) To reflect the effect of deferred taxes due to the Susser Acquisition.
- (x) To reflect the acquisition of Susser from ETP. The net adjustment to partners' equity is comprised of the following adjustments (in millions):

Eliminate historic Susser equity	\$ (1,920.1)
Eliminate historic equity method accounting for investment in SUN	(129.1)
Cancellation of Susser's note payable to ETP	235.0
Reflect tax effects of purchase of Susser	13.8
Net proceeds from equity offering	233.1
Issuance of units in exchange for 100% net assets acquired	1,920.1
Deemed distribution	(966.9)
Net adjustment to partners' equity	<u>\$ (614.1)</u>

- (y) To eliminate the noncontrolling interest reflected in Susser's historical financial statements prior to September 1, 2014 (see note (u)).
- (z) To recognize the tax benefit related to the interest expense deduction SUN would receive on the additional senior notes.