

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file No. **001-35711**



CROSSAMERICA PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

45-4165414

(I.R.S. Employer Identification No.)

**645 Hamilton Street, Suite 500
Allentown, PA**

(Address of Principal Executive Offices)

18101

(Zip Code)

(610) 625-8000

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

(do not check if a smaller reporting company)

Smaller reporting company

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

As of August 5, 2015, there were 25,619,683 common units and 7,525,000 subordinated units outstanding.

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CROSSAMERICA PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars)

	June 30, 2015	December 31, 2014
ASSETS	(Unaudited)	
Current assets:		
Cash	\$ 4,590	\$ 15,170
Accounts receivable, net of allowances of \$1,114 and \$754, respectively	30,121	23,435
Accounts receivable from related parties	10,582	14,897
Inventories	18,250	12,069
Assets held for sale	2,094	2,584
Other current assets, net	9,439	7,969
Total current assets	75,076	76,124
Property and equipment, net	478,824	391,499
Intangible assets, net	84,106	77,780
Goodwill	83,084	40,328
Deferred financing fees, net	6,143	6,881
Other assets	10,545	12,034
Total assets	\$ 737,778	\$ 604,646
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt and capital lease obligations	\$ 8,260	\$ 29,083
Accounts payable	47,710	33,575
Accrued expenses and other current liabilities	18,168	21,333
Motor fuel taxes payable	11,850	10,042
Total current liabilities	85,988	94,033
Debt and capital lease obligations, less current portion	266,026	261,284
Deferred tax liabilities	45,361	23,692
Asset retirement obligations	21,947	19,104
Other long-term liabilities	16,009	16,042
Total liabilities	435,331	414,155
Commitments and contingencies		
Equity:		
CrossAmerica Partners' Capital		
Common units—public (19,503,375 and 14,812,704 units issued and outstanding at June 30, 2015 and December 31, 2014, respectively)	449,572	326,139
Common units—affiliates (2,122,946 and 625,000 units issued and outstanding at June 30, 2015 and December 31, 2014, respectively)	(46,534)	(44,322)
Subordinated units—affiliates (7,525,000 units issued and outstanding at June 30, 2015 and December 31, 2014)	(100,499)	(91,295)
General Partner's interest	—	—
Total CrossAmerica Partners' Capital	302,539	190,522
Noncontrolling interests	(92)	(31)
Total equity	302,447	190,491
Total liabilities and equity	\$ 737,778	\$ 604,646

See Condensed Notes to Consolidated Financial Statements.

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands of Dollars, Except Share and per Share Amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Operating revenues ^(a)	\$ 647,448	\$ 763,845	\$ 1,125,217	\$ 1,245,866
Cost of sales ^(b)	609,147	736,897	1,051,920	1,202,251
Gross profit	38,301	26,948	73,297	43,615
Income from CST Fuel Supply equity	1,177	—	2,275	—
Operating expenses:				
Operating expenses	16,435	7,475	30,172	9,643
General and administrative expenses	8,380	10,682	19,698	15,209
Depreciation, amortization and accretion expense	11,411	7,270	22,913	13,236
Total operating expenses	36,226	25,427	72,783	38,088
Gain on sales of assets, net	422	53	452	1,533
Operating income	3,674	1,574	3,241	7,060
Other income, net	190	119	249	223
Interest expense	(4,743)	(3,712)	(9,021)	(7,739)
Income (loss) before income taxes	(879)	(2,019)	(5,531)	(456)
Income tax expense (benefit)	(907)	(3,911)	(2,588)	(3,776)
Consolidated net income (loss)	28	1,892	(2,943)	3,320
Net loss attributable to noncontrolling interests	2	—	7	—
Net income (loss) attributable to CrossAmerica limited partners	30	1,892	(2,936)	3,320
Distributions to incentive distribution right holders	(195)	(31)	(365)	(62)
Net income (loss) available to CrossAmerica limited partners	\$ (165)	\$ 1,861	\$ (3,301)	\$ 3,258
Net income (loss) per CrossAmerica limited partner unit:				
Basic earnings per common unit	\$ (0.01)	\$ 0.10	\$ (0.13)	\$ 0.17
Diluted earnings per common unit	\$ (0.01)	\$ 0.10	\$ (0.13)	\$ 0.17
Basic and diluted earnings per subordinated unit	\$ (0.01)	\$ 0.10	\$ (0.13)	\$ 0.17
Weighted-average CrossAmerica limited partner units:				
Basic common units	17,582,365	11,194,203	17,260,533	11,155,140
Diluted common units ^(c)	17,629,855	11,194,203	17,354,742	11,171,076
Basic and diluted subordinated units	7,525,000	7,525,000	7,525,000	7,525,000
Total diluted common and subordinated units ^(c)	25,154,855	18,719,203	24,879,742	18,696,076
Distribution per common and subordinated units	\$ 0.5475	\$ 0.5125	\$ 1.0900	\$ 1.0250

Supplemental information:

(a) Includes excise taxes of:	\$ 26,714	\$ 17,269	\$ 47,224	\$ 25,584
(a) Includes revenues from fuel sales to related parties of:	\$ 139,216	\$ 237,173	\$ 238,140	\$ 435,384
(a) Includes income from rentals of:	\$ 11,920	\$ 10,763	\$ 23,652	\$ 21,458
(b) Includes expenses from fuel sales to related parties of:	\$ 135,431	\$ 232,222	\$ 231,471	\$ 426,849
(b) Includes expenses from rentals of:	\$ 4,408	\$ 3,976	\$ 7,930	\$ 7,791

(c) Diluted common units are not used in the calculation of diluted earnings per common unit because to do so would be antidilutive.

See Condensed Notes to Consolidated Financial Statements.

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of Dollars)
(Unaudited)

	Six Months Ended June 30,	
	2015	2014
Cash flows from operating activities:		
Consolidated net income (loss)	\$ (2,943)	\$ 3,320
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation, amortization and accretion expense	22,913	13,236
Amortization of deferred financing fees	738	1,374
Amortization of below (above) market leases, net	338	(15)
Provision for losses on doubtful accounts	412	73
Deferred income taxes	(4,075)	(3,841)
Equity-based employees and directors compensation expense	3,444	2,050
Gain on sales of assets, net	(452)	(1,533)
Gain on settlement of capital lease obligations	(25)	(150)
Changes in working capital, net of acquisitions	(3,889)	(12,037)
Net cash provided by operating activities	<u>16,461</u>	<u>2,477</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	1,709	—
Capital expenditures	(827)	(984)
Principal payments received on notes receivable	616	2,141
Proceeds from sale of lubricants business	—	10,001
Cash paid in connection with acquisitions, net of cash acquired	(127,669)	(115,421)
Net cash used in investing activities	<u>(126,171)</u>	<u>(104,263)</u>
Cash flows from financing activities:		
Proceeds under the revolving credit facility	132,800	139,484
Repayments on the revolving credit facility	(146,291)	(13,287)
Proceeds from issuance of common units, net	138,546	—
Payments of long-term debt and capital lease obligations	(1,257)	(1,288)
Debt issuance cost	—	(3,532)
Advances to/repayments of related party receivables	2,465	(3,592)
Distributions paid to holders of incentive distribution rights	(365)	(62)
Distributions paid to noncontrolling interests	(54)	—
Distributions paid on common and subordinated units	(26,714)	(19,188)
Net cash provided by financing activities	<u>99,130</u>	<u>98,535</u>
Net decrease in cash	(10,580)	(3,251)
Cash at beginning of period	15,170	4,115
Cash at end of period	<u>\$ 4,590</u>	<u>\$ 864</u>

See Condensed Notes to Consolidated Financial Statements.

Note 1. DESCRIPTION OF BUSINESS AND OTHER DISCLOSURES

Description of Business

On October 1, 2014, CST Brands, Inc. (“CST”) completed the purchase of 100% of the membership interests in Lehigh Gas GP LLC (the “General Partner”) and 100% of the incentive distribution rights (“IDRs”) of Lehigh Gas Partners LP. After the purchase of the membership interests in its General Partner, the name of Lehigh Gas Partners LP was changed to CrossAmerica Partners LP (“we,” “us,” “our,” “CrossAmerica” or “Company”). The General Partner manages our operations and business activities. The General Partner is managed and operated by the executive officers of the General Partner, under the oversight of the Board of Directors of the General Partner. As a result of the acquisition of the membership interests in the General Partner, CST controls the General Partner and has the right to appoint all members of the board of directors of the General Partner.

Our business consists of:

- the wholesale distribution of motor fuels;
- the retail distribution of motor fuels to end customers at sites operated by commission agents or CrossAmerica;
- the owning or leasing of sites used in the retail distribution of motor fuels and, in turn, generating rental income from the lease or sublease of the sites; and
- the operation of convenience stores.

The financial statements are comprised of CrossAmerica and its wholly-owned subsidiaries. CrossAmerica’s primary operations are conducted by the following consolidated wholly owned subsidiaries:

- Lehigh Gas Wholesale LLC (“LGW”), which distributes motor fuels on a wholesale basis and generates qualified income under Section 7704(d) of the Internal Revenue Code;
- LGP Realty Holdings LP (“LGPR”), which functions as the real estate holding company of CrossAmerica and holds the assets that generate rental income that is qualifying under Section 7704(d) of the Internal Revenue Code; and
- Lehigh Gas Wholesale Services, Inc. (“LGWS”), which owns and leases (or leases and sub-leases) real estate and personal property used in the retail distribution of motor fuels, as well as provides maintenance and other services to its customers. In addition, LGWS distributes motor fuels on a retail basis and sells convenience merchandise items to end customers at Company operated retail sites and sells motor fuel on a retail basis at sites operated by commission agents. Income from the retail distribution of motor fuels and rental income from leases of real property to a related party is not qualifying income under Section 7704(d) of the Internal Revenue Code.

As part of our relationship with CST, we plan to purchase interests in CST’s wholesale motor fuel supply business (“CST Fuel Supply”) over time. In January 2015 and again in July 2015, we closed on the purchase of a 5% and 12.5%, respectively, limited partner equity interests in CST Fuel Supply. As of August 5, 2015, our total equity interest in CST Fuel Supply is 17.5%.

Interim Financial Statements

These unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities Exchange Act of 1934, as amended. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature unless disclosed otherwise. Management believes that the disclosures made are adequate to keep the information presented from being misleading. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014 (“Form 10-K”). Financial information as of June 30, 2015 and for the three and six months ended June 30, 2015 and 2014 included in the condensed notes to the consolidated financial statements has been derived from our unaudited financial statements. Financial information as of December 31, 2014 has been derived from our audited financial statements and notes thereto as of that date.

Operating results for the three and six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. Our business exhibits substantial seasonality due to our wholesale and retail sites being located in certain geographic areas that are affected by seasonal weather and temperature trends and associated changes in retail

customer activity during different seasons. Historically, sales volumes have been highest in the second and third quarters (during the summer activity months) and lowest during the winter months in the first and fourth quarters.

Reclassifications

The statement of operations was revised from the presentation included in our Form 10-K to conform to that presented in the Form 10-K for the year ended December 31, 2014 filed by CST. As a result, certain reclassifications were made to prior period amounts to conform to the current year presentation. These reclassifications had no impact on net income or equity for any periods.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results and outcomes could differ from those estimates and assumptions. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances could result in revised estimates and assumptions.

Significant Accounting Policies

There have been no material changes to the significant accounting policies described in our Form 10-K.

New Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-06—*Earnings Per Share (Topic 260): Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions*, which requires that for purposes of calculating historical earnings per unit under the two-class method, the earnings (losses) of a transferred business before the date of a dropdown transaction should be allocated entirely to the general partner. This guidance is effective January 1, 2016. Early adoption is permitted. The guidance is to be applied on a retrospective basis for all financial statements presented. Management is currently evaluating this new guidance, including how it will apply the guidance at the date of adoption.

In April 2015, the FASB issued ASU 2015-03—*Interest-Imputation of Interest (Subtopic 835-30)*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This guidance is effective January 1, 2016. Early adoption is permitted. The guidance is to be applied on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. If the guidance were applicable at June 30, 2015, other noncurrent assets and long-term debt would be lower by \$6.1 million.

In May 2014, the FASB issued ASU 2014-09—*Revenue from Contracts with Customers (Topic 606)*, which results in comprehensive new revenue accounting guidance, requires enhanced disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized, and develops a common revenue standard under U.S. GAAP and International Financial Reporting Standards. Specifically, the core principle of the guidance is 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 and services. This guidance is effective January 1, 2018, pending issuance of the final Accounting Standards Update. Early adoption is not permitted. The guidance can be applied either retrospectively to each prior reporting period presented, or as a cumulative-effect adjustment as of the date of adoption. Management is currently evaluating this new guidance, including how it will apply the guidance at the date of adoption.

Certain other new financial accounting pronouncements have become effective for our financial statements and the adoption of these pronouncements will not affect our financial position or results of operations, nor will they require any additional disclosures.

Concentration Risk

Dunne Manning Stores LLC (formerly known as Lehigh Gas-Ohio, LLC) (“DMS” or “affiliated dealer”) is an operator of retail sites that purchases a significant portion of its motor fuel requirements from us on a wholesale basis and then re-sells motor fuel on a retail basis. DMS also leases real estate from us. The financial results of DMS are not consolidated with ours. For the three and six months ended June 30, 2015, CrossAmerica distributed approximately 17% of its total wholesale distribution volumes to DMS and DMS accounted for approximately 42% of our rental income. For more information regarding transactions with DMS, see Note 9.

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2015, CrossAmerica's wholesale business purchased approximately 27%, 25% and 23% of its motor fuel from ExxonMobil, BP and Motiva, respectively. No other fuel suppliers accounted for 10% or more of CrossAmerica's fuel purchases in the first half of 2015.

As of August 5, 2015, CrossAmerica's total equity interest in CST Fuel Supply is 17.5%. Valero Energy Corporation ("Valero") supplied substantially all of the motor fuel purchased by CST Fuel Supply for resale to CST's U.S. Retail segment during 2015. During the three and six months ended June 30, 2015, CST Fuel Supply purchased \$1.1 billion and \$2.0 billion, respectively, of motor fuel from Valero.

The store personnel at the convenience stores we acquired from Petroleum Marketers Incorporated ("PMI") are employees of Pinehurst Services LLC ("Pinehurst"), to which we pay a management fee pursuant to the terms of an employee staffing agreement. Pinehurst employs approximately 650 people that support our PMI convenience store operations and is owned and managed by an unrelated party. We incurred \$5.0 million and \$11.1 million in management fees for the three and six months ended June 30, 2015, respectively, under the employee staffing agreement, which is primarily included in operating expenses on the statement of operations.

Note 2. ACQUISITIONS

Purchase ("Drop Down") of CST Wholesale Fuel Supply Equity Interests

In January 2015, we closed on the purchase of a 5% limited partner equity interest in CST Fuel Supply in exchange for approximately 1.5 million common units with an aggregate consideration of \$60.0 million on the date of closing. In July 2015, we closed on the purchase of an additional 12.5% limited partner equity interest in CST Fuel Supply in exchange for approximately \$3.3 million common units and cash in the amount of \$17.5 million, with an aggregate consideration of approximately \$110.9 million on the date of closing. These transactions were approved by the conflicts committee of the General Partner and the executive committee of and full board of directors of CST.

As of August 5, 2015, CrossAmerica's total equity interest in CST Fuel Supply is 17.5%, and CST's total equity interest in CrossAmerica is 15.9%.

Because these transactions were between entities under common control, the excess of the purchase price paid by CrossAmerica over the carrying value recorded on CST's balance sheet is recorded as a distribution to CST in CrossAmerica's consolidated equity.

See Note 9 for additional information.

Acquisition of Landmark Industries Stores ("Landmark")

In January 2015, CST and CrossAmerica jointly purchased 22 convenience stores from Landmark. CrossAmerica purchased the real property of the 22 fee sites as well as certain wholesale fuel distribution assets for \$41.2 million.

LGWS leases the acquired real property to CST under triple net leases at a lease rate per annum of 7.5% of the fair value of the leased property on the acquisition date and LGW distributes wholesale motor fuel to CST under long term agreements with a fuel gross profit margin of approximately \$0.05 per gallon.

The following table summarizes the preliminary fair values of the assets acquired at the acquisition date (in thousands):

Property and equipment	\$	24,129
Other assets		4,399
Goodwill		12,681
Total consideration	\$	<u>41,209</u>

The fair value of property and equipment, which consisted of land, buildings and equipment, was based on a cost approach. The buildings and equipment are being depreciated on a straight-line basis, with estimated useful lives of 20 years.

The other assets consist of net deferred tax assets associated with the difference between the book and tax bases of the net assets acquired.

A substantial portion of the goodwill represents the value that would have been allocated to wholesale fuel distribution rights. However, because the acquired wholesale fuel distribution rights relate to entities under common control under U.S. GAAP, this

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

identifiable intangible is not permitted to be recognized and therefore the value has been allocated to goodwill. Goodwill has been assigned to the Wholesale segment.

Aggregate incremental revenues since the closing of the Landmark acquisition included in CrossAmerica's statement of operations were \$19.5 million and \$31.7 million for the three and six months ended June 30, 2015, respectively.

Acquisition of Erickson Oil Products, Inc. ("Erickson")

In February 2015, CrossAmerica closed on the purchase of all of the outstanding capital stock of Erickson and separate purchases of certain related assets with an aggregate purchase price of \$81.9 million, net of \$3.0 million of cash acquired, subject to certain post-closing adjustments. These transactions resulted in the acquisition of a total of 64 retail sites located in Minnesota, Michigan, Wisconsin and South Dakota.

The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

Current assets (excluding inventories)	\$	4,080
Inventories		8,484
Property and equipment		75,232
Intangible assets		14,010
Goodwill		30,019
Current liabilities		(19,818)
Deferred tax liabilities		(27,602)
Asset retirement obligations		(2,204)
Other liabilities		(273)
Total consideration, net of cash acquired	\$	<u>81,928</u>

The fair value of inventory was estimated at retail selling price less estimated costs to sell and a reasonable profit allowance for the selling effort.

The fair value of property and equipment, which consisted of land, buildings and equipment, was based on a cost approach. The buildings and equipment are being depreciated on a straight-line basis, with estimated remaining useful lives of 15 years for the buildings and 5 to 10 years for equipment.

The \$11.7 million fair value of the wholesale fuel distribution rights included in intangibles was based on an income approach and management believes the level and timing of cash flows represent relevant market participant assumptions. The wholesale fuel distribution rights are being amortized on a straight-line basis over an estimated useful life of approximately 10 years.

Goodwill recorded is primarily attributable to the deferred tax liabilities arising from the application of purchase accounting. Management is reviewing the valuation and confirming the result to determine the final purchase price allocation. Of the goodwill recorded, \$9.0 million was assigned to the Wholesale segment and \$21.0 million was assigned to the Retail segment.

Our pro forma results, assuming we acquired Erickson on January 1, 2014, would have been (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Total revenues	\$ 647,448	\$ 847,217	\$ 1,151,563	\$ 1,404,743
Net income (loss)	\$ 28	\$ 608	\$ (2,760)	\$ 642
Net income (loss) per limited partnership unit	\$ (0.01)	\$ 0.03	\$ (0.13)	\$ 0.03

Subsequent Event—Purchase of New to Industry ("NTI") Convenience Stores

In July 2015, we completed the purchase of real property at 29 NTIs from CST in exchange for an aggregate consideration of approximately 0.3 million common units and cash in the amount of \$124.4 million, with an aggregate consideration of \$134.0

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

million on the date of closing. This transaction was approved by the conflicts committee of the General Partner and the executive committee of and full board of directors of CST.

Subsequent Event—Acquisition of One Stop

In July 2015, CrossAmerica completed the purchase of the 41 company-operated One Stop convenience store network based in Charleston, West Virginia, along with four commission agent sites, nine dealer fuel supply agreements and one freestanding franchised quick service restaurant for approximately \$41.9 million in cash.

Note 3. ASSETS HELD FOR SALE

CrossAmerica has classified five sites as held for sale at June 30, 2015 and December 31, 2014, respectively. These assets are expected to be sold in 2015. Assets held for sale (at cost) were as follows (in thousands):

	June 30, 2015	December 31, 2014
Land	\$ 1,731	\$ 1,984
Buildings and improvements	464	782
Equipment and other	363	464
Total	2,558	3,230
Less accumulated depreciation	(464)	(646)
Assets held for sale	<u>\$ 2,094</u>	<u>\$ 2,584</u>

PMI's transportation assets, which were classified as held for sale at March 31, 2015, were sold in May 2015 for \$0.9 million, resulting in a gain of \$0.5 million.

Note 4. INVENTORIES

Inventories consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
Convenience store merchandise	\$ 11,450	\$ 6,829
Motor fuel	6,800	5,240
Inventories	<u>\$ 18,250</u>	<u>\$ 12,069</u>

Note 5. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
Land	\$ 198,781	\$ 153,181
Retail site buildings	215,489	176,839
Leasehold improvements	8,719	8,660
Equipment and other	130,860	111,285
Construction in progress	2,761	4,873
Property and equipment, at cost	556,610	454,838
Accumulated depreciation and amortization	(77,786)	(63,339)
Property and equipment, net	<u>\$ 478,824</u>	<u>\$ 391,499</u>

Note 6. INTANGIBLE ASSETS

Intangible assets consisted of the following (in thousands):

	June 30, 2015			December 31, 2014		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Wholesale fuel supply agreements	\$ 56,326	\$ (19,957)	\$ 36,369	\$ 56,326	\$ (15,915)	\$ 40,411
Wholesale fuel distribution rights	43,473	(6,886)	36,587	31,803	(4,860)	26,943
Trademarks	2,054	(605)	1,449	1,484	(433)	1,051
Covenant not to compete	3,731	(1,165)	2,566	2,951	(776)	2,175
Below market leases	11,151	(4,016)	7,135	10,161	(2,961)	7,200
Total intangible assets	\$ 116,735	\$ (32,629)	\$ 84,106	\$ 102,725	\$ (24,945)	\$ 77,780

Note 7. GOODWILL

Changes in goodwill during the six months ended June 30, 2015 consisted of the following (in thousands):

	Wholesale Segment	Retail Segment	Consolidated
Beginning balance	\$ 34,570	\$ 5,758	\$ 40,328
Acquisitions	21,743	21,013	42,756
Ending balance	\$ 56,313	\$ 26,771	\$ 83,084

Note 8. DEBT

Our balances for long-term debt and capital leases are as follows (in thousands):

	June 30, 2015	December 31, 2014
Revolving credit facility	186,909	200,400
Financing obligation associated with Rocky Top acquisition	26,250	26,250
Note payable	903	929
Lease financing obligations	60,224	62,788
Total	274,286	290,367
Less current portion	8,260	29,083
Noncurrent portion	\$ 266,026	\$ 261,284

Letters of credit outstanding at June 30, 2015 and December 31, 2014 totaled \$16.4 million for both periods. The amount of availability at June 30, 2015 under the revolving credit facility, after taking into account outstanding letters of credit and debt covenant constraints, was \$139.5 million. Subsequent to the July 2015 acquisitions discussed in Note 2, the availability for future borrowings was approximately \$98.9 million. In connection with future acquisitions, the revolving credit facility requires, among other things, that we have, after giving effect to such acquisition, at least \$20.0 million of borrowing availability under the revolving credit facility and unrestricted cash on the balance sheet on the date of such acquisition.

In connection with the Rocky Top acquisition that we completed on September 24, 2013, we entered into a lease for certain sites which obligates CrossAmerica to purchase these sites, at the election of the lessor, either (a) in whole on or about August 1, 2015, or (b) in approximately equal parts over a 5 year period for an average of \$5.3 million per year beginning in 2016. At December 31, 2014, CrossAmerica classified the entire balance of the financing obligation associated with the Rocky Top acquisition as current due to the possibility that CrossAmerica would be required to fund the obligation in 2015. In 2015, the sellers gave notice that the option of requiring a purchase of the sites on August 1, 2015 would not be exercised, and CrossAmerica reclassified \$20.8 million to noncurrent in 2015.

Financial Covenants and Interest Rate

The Company's revolving credit facility contains financial covenants consisting of a Total Leverage Ratio (as defined in the Credit Agreement) for the most recently completed four fiscal quarters of less than or equal to 5.00 to 1.00 and a consolidated interest coverage ratio (as defined in the Credit Agreement) of greater than or equal to 2.75 to 1.00. As of June 30, 2015, CrossAmerica was in compliance with these covenants.

Outstanding borrowings under the revolving credit facility bear interest at the London Interbank Offered Rate plus a margin of 3.25%. Our borrowings had an interest rate of 3.44% as of June 30, 2015.

Note 9. RELATED-PARTY TRANSACTIONS

Transactions with CST

Fuel Sales and Rental Income

Beginning in 2015, CrossAmerica sells motor fuel to CST under a master fuel distribution agreement and leases certain retail sites to CST under a master lease agreement having initial 10-year terms. The fuel distribution agreement provides CrossAmerica with a fixed wholesale mark-up per gallon and the master lease agreement is a triple net lease.

Revenues from fuel sales and rental income from CST were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenues from fuel sales to CST	\$ 41,134	\$ —	\$ 69,674	\$ —
Rental income from CST	1,051	—	2,077	—

Receivables from CST were \$4.4 million and \$3.2 million at June 30, 2015 and December 31, 2014, respectively, related to these transactions.

Purchase of CST Fuel Supply Equity Interests

We accounted for the January 2015 purchase of equity interests in CST Fuel Supply based on the carrying value recorded on CST's balance sheet, which amounted to \$0.4 million at the date of acquisition. The excess of the purchase price paid by CrossAmerica over the carrying value on CST's balance sheet was recorded in equity as a distribution to CST in the amount of \$59.6 million.

CrossAmerica accounts for the equity interest in the net income of CST Fuel Supply as "Income from CST Fuel Supply" on its statement of operations, which amounted to \$1.2 million and \$2.3 million for the three and six months ended June 30, 2015, respectively.

As discussed in Note 2, in July 2015, we purchased additional equity interests in CST Fuel Supply.

Transactions with DMS

DMS is an entity affiliated with Joseph V. Topper, Jr., our Chief Executive Officer and member of the board of directors of the General Partner. DMS is an operator of convenience stores that purchases all of its motor fuel requirements from us on a wholesale basis. DMS also leases certain retail site real estate from us in accordance with a master lease agreement between DMS and CrossAmerica.

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Revenues from fuel sales and rental income from DMS were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenues from fuel sales to DMS	\$ 98,082	\$ 210,492	\$ 168,466	\$ 384,897
Rental income from DMS	\$ 4,934	\$ 5,105	\$ 9,832	\$ 10,512

Motor fuel is sold to DMS at our cost plus a fixed mark-up per gallon. Receivables from DMS totaled \$12.8 million and \$10.3 million at June 30, 2015 and December 31, 2014.

Omnibus Agreement and Management Fees

In connection with our initial public offering on October 30, 2012 (the “IPO”), we entered into an Omnibus Agreement (the “Original Omnibus Agreement”) by and among CrossAmerica, the General Partner, Dunne Manning Inc. (“DMI”), DMS and, for limited purposes, Joseph V. Topper, Jr. CrossAmerica incurred \$1.7 million and \$3.4 million in management fees for the three and six months ended June 30, 2014, respectively, under the Original Omnibus Agreement classified as general and administrative expenses in the statement of operations.

CrossAmerica entered into an Amended and Restated Omnibus Agreement, dated October 1, 2014, by and among CrossAmerica, the General Partner, DMI, DMS, CST and Joseph V. Topper, Jr. (the “Amended Omnibus Agreement”), which amends and restates the Original Omnibus Agreement. CrossAmerica incurred \$2.5 million and \$5.0 million in charges for the three and six months ended June 30, 2015, respectively. In addition, CST allocated \$0.1 million and \$2.2 million in non-cash stock-based compensation and incentive compensation costs to us for the three and six months ended June 30, 2015, respectively, under the Amended Omnibus Agreement. Amounts payable to CST related to these transactions were \$6.3 million and \$0.1 million at June 30, 2015 and December 31, 2014, respectively. As approved by the independent conflicts committee of the General Partner and the executive committee of CST’s board of directors, CrossAmerica and CST mutually agreed to settle the second quarter 2015 amounts due under the terms of the Amended Omnibus Agreement in limited partnership units. As a result, in July 2015, CrossAmerica issued 145,056 limited partner units to CST valued at \$4.4 million for the three months ended June 30, 2015. CST and CrossAmerica have the right to negotiate the amount of the management fee on an annual basis, or more often as circumstances require.

Maintenance and Environmental Costs

Certain maintenance and environmental monitoring and remediation activities are undertaken by a related party of CrossAmerica as approved by the conflicts committee. CrossAmerica incurred \$0.6 million and \$0.4 million with this related party for the three months ended June 30, 2015 and 2014 and \$0.7 million and \$0.5 million for the six months ended June 30, 2015 and 2014, respectively.

Aircraft Usage Costs

From time to time, CrossAmerica uses aircraft owned by a group of individuals that includes Joseph V. Topper, Jr. and another member of the board of directors of the General Partner as previously approved in August 2013 by the independent members of the conflicts committee of the General Partner. CrossAmerica incurred \$0.1 million for the use of these aircraft for the six months ended June 30, 2015.

Receivables from Zimri DM, LLC

In connection with the purchase of PMI in May 2014, CrossAmerica divested the PMI lubricants business, which was subsequently purchased by a company affiliated with Joseph V. Topper, Jr., our Chief Executive Officer (“Zimri”). PMI provides certain services to Zimri pursuant to a transition services agreement. As of June 30, 2015, CrossAmerica recorded a receivable of \$0.1 million related to the services provided under the transition services agreement. All amounts have been subsequently collected.

Note 10. COMMITMENTS AND CONTINGENCIES

Litigation Matters

We are from time to time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract and/or property damages, environmental damages, employment-related claims and damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, we record a reserve when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In addition, we disclose matters for which management believes a material loss is at least reasonably possible. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on our consolidated financial position, results of operations or cash flows. In all instances, management has assessed the matter based on current information and made a judgment concerning its potential outcome, giving due consideration to the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may prove materially inaccurate, and such judgment is made subject to the known uncertainties of litigation.

Environmental Matters

Environmental liabilities related to the sites contributed to CrossAmerica in connection with its IPO have not been assigned to CrossAmerica, and are still the responsibility of the Predecessor Entities (see the Form 10-K for additional discussion of the Predecessor Entities). Under the Amended Omnibus Agreement, certain of the Predecessor Entities must indemnify CrossAmerica for any costs or expenses that it incurs for environmental liabilities and third-party claims, regardless of when a claim is made, that are based on environmental conditions in existence prior to the closing of the IPO of CrossAmerica for contributed sites. The Predecessor Entities' environmental liabilities and corresponding indemnification assets had balances of \$13.5 million and \$11.6 million, respectively, at June 30, 2015.

Note 11. FAIR VALUE MEASUREMENTS

CrossAmerica measures and reports certain financial and non-financial assets and liabilities on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). U.S. GAAP specifies a three-level hierarchy that is used when measuring and disclosing fair value. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels.

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Active markets are considered to be those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. This category includes quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets.

Level 3—Unobservable inputs are not corroborated by market data. This category is comprised of financial and non-financial assets and liabilities whose fair value is estimated based on internally developed models or methodologies using significant inputs that are generally less readily observable from objective sources.

Transfers into or out of any hierarchy level are recognized at the end of the reporting period in which the transfers occurred. There were no transfers between any levels in 2015 or 2014.

As further discussed in Note 13, CrossAmerica has accrued for unvested phantom units and vested and unvested profits interests as a liability and adjusts that liability on a recurring basis based on the market price of CrossAmerica's common units each balance sheet date. Such fair value measurements are deemed Level 1 measurements.

Financial Instruments

The fair value of CrossAmerica's accounts receivable, notes receivable, and accounts payable approximated their carrying values as of June 30, 2015 and December 31, 2014 due to the short-term maturity of these instruments. The fair value of the revolving credit facility approximated its carrying value of \$186.9 million as of June 30, 2015 and \$200.4 million as of December 31, 2014 due to the frequency with which interest rates are reset based on changes in prevailing interest rates.

Note 12. PARTNERS' CAPITAL

In January 2015, 1,497,946 common units were issued in connection with the acquisition of a 5% interest in CST Fuel Supply. See Notes 2 and 9 for additional information.

In March 2015, 90,671 common units were issued (net of units withheld for income taxes) as a result of the vesting of phantom units previously issued primarily to CST employees who provide services principally to CrossAmerica. See Note 13 for additional information.

On June 19, 2015, CrossAmerica closed on the sale of 4.6 million common units for net proceeds of approximately \$138.5 million. CrossAmerica used the net proceeds from this offering to reduce indebtedness outstanding under its revolving credit facility. On July 16, 2015, CrossAmerica closed on the sale of an additional 0.2 million common units for net proceeds of approximately \$6.2 million in accordance with the underwriters' option to purchase additional common units associated with the June offering.

Subsequent Events—Common Unit Issuances

On July 1, 2015, 3,303,208 common units were issued to CST in connection with the acquisition of a 12.5% additional equity interest in CST Fuel Supply. See Notes 2 and 9 for additional information.

On July 1, 2015, 338,098 common units were issued to CST in connection with the acquisition of real property at 29 NTIs. See Note 2 for additional information.

On July 16, 2015, 145,056 common units were issued to CST in connection with the amounts incurred for the three months ended June 30, 2015 under the terms of the Amended Omnibus Agreement. See Note 9 for additional information.

Note 13. EQUITY-BASED COMPENSATION

Overview

We record stock-based compensation as a component of general and administrative expenses in the statements of operations. Compensation expense for the three months ended June 30, 2015 and 2014 was \$0.5 million and \$1.2 million, respectively. Compensation expense for the six months ended June 30, 2015 and 2014 was \$3.4 million and \$2.1 million, respectively. Such amounts include the allocation of stock-based compensation expense from CST.

CrossAmerica Equity-Based Awards

Grants of equity-based awards occurred in the first half of 2015 and consisted of:

	Number of Securities	Weighted-Avg Grant-Date Fair Value
Phantom units	39,891	\$ 33.86
Profits interests	34,728	\$ 33.92

These awards were fully vested on the date of grant and related to our short term incentive plan, excluding 4,077 phantom units issued to our President, which vest in equal increments on the first, second and third anniversaries of the date of grant. Prior to 2015, issued awards generally vest in equal increments on the first, second and third anniversaries of their date of grant. It is the intent of CrossAmerica to settle the phantom units upon vesting by issuing common units and to settle the profits interests upon conversion by the grantee by issuing common units. However, the awards may be settled in cash at the discretion of the board of directors of the General Partner.

Since CrossAmerica grants awards to employees of CST, and since the grants may be settled in cash, unvested phantom units and vested and unvested profits interests receive fair value variable accounting treatment. As such, they are measured at fair value at each balance sheet reporting date and the cumulative compensation cost recognized is classified as a liability, which is included in accrued expenses and other current liabilities on the consolidated balance sheet. The balance of the accrual at June 30, 2015 and December 31, 2014 totaled \$2.1 million and \$5.0 million, respectively.

CST Awards

Approximately 155,000 CST stock based awards were granted to certain employees of CST for services rendered on behalf of CrossAmerica and \$0.1 million and \$1.7 million of expense associated with the awards was allocated to CrossAmerica under the Amended Omnibus Agreement for the three and six months ended June 30, 2015, respectively.

Awards to Members of the Board of Directors

In 2014, CrossAmerica granted 6,141 phantom units to the non-employee members of the board of directors of the General Partner as a portion of director compensation, which will vest on November 10, 2015.

The fair value of these awards at June 30, 2015, including previously issued fully vested profits interests that have not been converted into common units, was \$0.5 million. Compensation expense was not significant for the three and six months ended June 30, 2015 and 2014.

Note 14. NET INCOME PER LIMITED PARTNER UNIT

Under the Amended and Restated Partnership Agreement of CrossAmerica (the "Partnership Agreement"), the holders of CrossAmerica's IDRs have an interest in distributions from CrossAmerica that are increasing percentages starting at 15% of quarterly distributions out of the operating surplus (as defined in our Partnership Agreement) in excess of \$0.5031 per limited partner unit. CrossAmerica's undistributed net income is generally allocable pro rata to the common and subordinated unitholders, except where common unitholders have received cash distributions in excess of the subordinated unitholders. In that circumstance, net income is allocated to the common unitholders first in support of such excess cash distribution paid to them and the remainder of the net income is allocable pro rata to the common and subordinated unitholders. Losses are generally allocable pro rata to the common and subordinated unitholders in accordance with the Partnership Agreement unless a loss would create or increase a Partnership deficit balance, in which case the loss would be allocated to the General Partner.

In addition to the common and subordinated units, CrossAmerica has identified the IDRs as participating securities and computes income per unit using the two-class method under which any excess of distributions declared over net income shall be allocated to the partners based on their respective sharing of income as specified in the Partnership Agreement. Net income per unit applicable to limited partners (including common and subordinated unitholders) is computed by dividing the limited partners' interest in net income (loss), after deducting the IDRs, by the weighted-average number of outstanding common and subordinated units.

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The following table provides a reconciliation of net income (loss) and weighted-average units used in computing basic and diluted net income (loss) per limited partner unit for the following periods (in thousands, except unit and per unit amounts):

	Three Months Ended			
	June 30,			
	2015		2014	
	Common Units	Subordinated Units	Common Units	Subordinated Units
Numerator:				
Distributions paid ^(a)	\$ 9,324	\$ 4,120	\$ 5,737	\$ 3,857
Allocation of distributions in excess of net income ^(b)	(9,452)	(4,157)	(4,625)	(3,108)
Limited partners' interest in net income (loss) -basic	(128)	(37)	1,112	749
Adjustment for phantom units	—	—	—	—
Limited partners' interest in net income (loss) -diluted	<u>\$ (128)</u>	<u>\$ (37)</u>	<u>\$ 1,112</u>	<u>\$ 749</u>
Denominator:				
Weighted average limited partnership units outstanding-basic	17,582,365	7,525,000	11,194,203	7,525,000
Adjustment for phantom units	—	—	—	—
Weighted average limited partnership units outstanding-diluted ^(c)	<u>17,582,365</u>	<u>7,525,000</u>	<u>11,194,203</u>	<u>7,525,000</u>
Net income (loss) per limited partnership unit-basic	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>
Net income (loss) per limited partnership unit-diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ 0.10</u>	<u>\$ 0.10</u>

	Six Months Ended			
	June 30,			
	2015		2014	
	Common Units	Subordinated Units	Common Units	Subordinated Units
Numerator:				
Distributions paid ^(a)	\$ 18,512	\$ 8,202	\$ 11,474	\$ 7,714
Allocation of distributions in excess of net income ^(b)	(20,811)	(9,204)	(9,529)	(6,401)
Limited partners' interest in net income (loss) -basic	(2,299)	(1,002)	1,945	1,313
Adjustment for phantom units	—	—	2	—
Limited partners' interest in net income (loss) -diluted	<u>\$ (2,299)</u>	<u>\$ (1,002)</u>	<u>\$ 1,947</u>	<u>\$ 1,313</u>
Denominator:				
Weighted average limited partnership units outstanding-basic	17,260,533	7,525,000	11,155,140	7,525,000
Adjustment for phantom units	—	—	15,936	—
Weighted average limited partnership units outstanding-diluted ^(c)	<u>17,260,533</u>	<u>7,525,000</u>	<u>11,171,076</u>	<u>7,525,000</u>
Net income (loss) per limited partnership unit-basic	<u>\$ (0.13)</u>	<u>\$ (0.13)</u>	<u>\$ 0.17</u>	<u>\$ 0.17</u>
Net income (loss) per limited partnership unit-diluted	<u>\$ (0.13)</u>	<u>\$ (0.13)</u>	<u>\$ 0.17</u>	<u>\$ 0.17</u>

(a) Distributions paid per unit were \$0.5475 and \$0.5125 during the three months ended June 30, 2015 and 2014, respectively. Distributions paid per unit were \$1.0900 and \$1.0250 during the six months ended June 30, 2015 and 2014, respectively.

CROSSAMERICA PARTNERS LP
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- (b) Allocation of distributions in excess of net income is based on a pro rata proportion to the common and subordinated units as outlined in the Partnership Agreement.
- (c) Excludes 47,490 and 94,209 potentially dilutive securities from the calculation of diluted earnings per common unit because to do so would be antidilutive for the three and six months ended June 30, 2015, respectively.

Note 15. INCOME TAXES

As a limited partnership, CrossAmerica is not subject to federal and state income taxes. Income tax attributable to CrossAmerica's taxable income, which may differ significantly from income for financial statement purposes, is assessed at the individual level of the limited partner unit holders. CrossAmerica is subject to a statutory requirement that non-qualifying income, as defined by the Internal Revenue Code, cannot exceed 10% of total gross income for the calendar year. If non-qualifying income exceeds this statutory limit, CrossAmerica would be taxed as a corporation. The non-qualifying income did not exceed the statutory limit in any period.

Certain activities that generate non-qualifying income are conducted through CrossAmerica's wholly-owned taxable subsidiaries that are corporations, LGWS and its subsidiaries. Current and deferred income taxes are recognized on the earnings of the corporate subsidiaries. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates.

The Company's tax benefit for the three months ended June 30, 2015 was \$0.9 million on a loss before income taxes of \$0.9 million. This benefit includes a decrease in the valuation allowance of \$0.4 million. The Company's tax benefit for the three months ended June 30, 2014 was \$3.9 million on a loss before taxes of \$2.0 million. The effective tax rate was higher than the combined federal and state statutory rate because only the corporate operations are subject to income tax.

The Company's tax benefit for the six months ended June 30, 2015 was \$2.6 million on a loss before income taxes of \$5.5 million. This benefit includes a decrease in the valuation allowance of \$0.4 million. The Company's tax benefit for the six months ended June 30, 2014 was \$3.8 million on a loss before taxes of \$0.5 million. The effective tax rate was higher than the combined federal and state statutory rate because only the corporate operations are subject to income tax.

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Note 16. SEGMENT REPORTING

CrossAmerica conducts its business in two segments: 1) the Wholesale segment and 2) the Retail segment, which includes the sale of convenience merchandise items, the retail sale of motor fuel at Company operated sites and the retail sale of motor fuels at sites operated by commission agents. A commission agent is a retail site where we retain title to the motor fuel inventory and sell it directly to our end user customers; therefore, we manage motor fuel inventory pricing and retain the gross profit on motor fuel sales. We pay a commission to the agent who operates the retail site. Effective with the first quarter of 2015 management adopted operating income as a measure for disclosing our segments. Unallocated costs consist primarily of general and administrative expenses and the elimination of the Retail segment's intersegment cost of revenues from fuel sales against the Wholesale segment's intersegment revenues from fuel sales. The profit in ending inventory generated by the intersegment fuel sales is also eliminated. Total assets by segment are not presented as the chief operating decision maker does not currently assess performance or allocate resources based on that data.

The following table reflects activity related to our reportable segments (in thousands):

	<u>Wholesale</u>	<u>Retail</u>	<u>Unallocated</u>	<u>Consolidated</u>
Three Months Ended June 30, 2015:				
Revenues from fuel sales to external customers	\$ 445,576	\$ 147,207	\$ —	\$ 592,783
Intersegment revenues from fuel sales	109,195	—	(109,195)	—
Revenues from food and merchandise sales	—	41,864	—	41,864
Rent income	10,695	1,225	—	11,920
Other revenue	225	656	—	881
Total revenues	<u>\$ 565,691</u>	<u>\$ 190,952</u>	<u>\$ (109,195)</u>	<u>\$ 647,448</u>
Depreciation, amortization and accretion expense	\$ 7,672	\$ 3,739	\$ —	\$ 11,411
Operating income (loss)	\$ 11,198	\$ 856	\$ (8,380)	\$ 3,674
Total expenditures for long-lived assets (including acquisitions)	\$ 1,603	\$ 582	\$ —	\$ 2,185
Three Months Ended June 30, 2014:				
Revenues from fuel sales to external customers	\$ 621,627	\$ 117,229	\$ —	\$ 738,856
Intersegment revenues from fuel sales	81,958	—	(81,958)	—
Revenues from food and merchandise sales	—	13,903	—	13,903
Rent income	9,686	1,077	—	10,763
Other revenue	304	19	—	323
Total revenues	<u>\$ 713,575</u>	<u>\$ 132,228</u>	<u>\$ (81,958)</u>	<u>\$ 763,845</u>
Depreciation, amortization and accretion expense	\$ 6,290	\$ 980	\$ —	\$ 7,270
Operating income (loss)	\$ 10,067	\$ 2,225	\$ (10,718)	\$ 1,574
Total expenditures for long-lived assets (including acquisitions)	\$ 68,831	\$ 44,827	\$ —	\$ 113,658

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	<u>Wholesale</u>	<u>Retail</u>	<u>Unallocated</u>	<u>Consolidated</u>
Six Months Ended June 30, 2015:				
Revenues from fuel sales to external customers	\$ 776,111	\$ 253,400	\$ —	\$ 1,029,511
Intersegment revenues from fuel sales	176,534	—	(176,534)	—
Revenues from food and merchandise sales	—	69,849	—	69,849
Rent income	21,224	2,428	—	23,652
Other revenue	905	1,300	—	2,205
Total revenues	<u>\$ 974,774</u>	<u>\$ 326,977</u>	<u>\$ (176,534)</u>	<u>\$ 1,125,217</u>
Depreciation, amortization and accretion expense	\$ 16,445	\$ 6,468	\$ —	\$ 22,913
Operating income (loss)	\$ 20,929	\$ 2,172	\$ (19,860)	\$ 3,241
Total expenditures for long-lived assets (including acquisitions)	\$ 57,551	\$ 70,945	\$ —	\$ 128,496

Six Months Ended June 30, 2014:				
Revenues from fuel sales to external customers	\$ 1,039,514	\$ 170,531	\$ —	\$ 1,210,045
Intersegment revenues from fuel sales	126,643	—	(126,643)	—
Revenues from food and merchandise sales	—	13,903	—	13,903
Rent income	19,327	2,131	—	21,458
Other revenue	441	19	—	460
Total revenues	<u>\$ 1,185,925</u>	<u>\$ 186,584</u>	<u>\$ (126,643)</u>	<u>\$ 1,245,866</u>
Depreciation, amortization and accretion expense	\$ 11,769	\$ 1,467	\$ —	\$ 13,236
Operating income (loss)	\$ 19,737	\$ 2,599	\$ (15,276)	\$ 7,060
Total expenditures for long-lived assets (including acquisitions)	\$ 71,459	\$ 44,946	\$ —	\$ 116,405

Note 17. SUPPLEMENTAL CASH FLOW INFORMATION

In order to determine net cash provided by operating activities, net income is adjusted by, among other things, changes in current assets and current liabilities as follows (in thousands):

	Six Months Ended	
	June 30,	
	<u>2015</u>	<u>2014</u>
Decrease (increase):		
Accounts receivable	\$ (5,504)	\$ (8,798)
Accounts receivable from related parties	(1,449)	(3,742)
Inventories	2,303	964
Other current assets	497	(3,589)
Other assets	322	(180)
Increase (decrease):		
Accounts payable	5,708	1,805
Motor fuel taxes payable	380	1,298
Accrued expenses and other current liabilities	(6,369)	384
Other long-term liabilities	223	(179)

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The above changes in current assets and current liabilities may differ from changes between amounts reflected in the applicable balance sheets for the respective periods due to acquisitions.

Supplemental disclosure of cash flow information (in thousands):

	Six Months Ended			
	June 30,			
	2015		2014	
Supplemental Disclosure of Cash Flow Information:				
Cash paid for interest	\$	8,273	\$	6,015
Cash paid for income taxes	\$	547	\$	498

Supplemental schedule of non-cash investing and financing activities (in thousands):

	Six Months Ended			
	June 30,			
	2015		2014	
Issuance of common units upon vesting of incentive awards	\$	3,102	\$	2,616
Sale of property and equipment in Section 1031 like-kind exchange transaction	\$	—	\$	(6,029)
Terminated capital lease obligations	\$	(1,333)	\$	(757)

Note 18. TERMINATION BENEFITS

As a result of the continued integration of certain processes and systems for our recently acquired businesses, CrossAmerica committed to a workforce reduction affecting certain employees in our Retail segment and is recognizing \$1.8 million of estimated cost of severance and other benefits ratably over the required service period.

At December 31, 2014, we had a \$2.4 million accrual for severance and benefit costs related to certain officers who terminated their employment.

A rollforward of the liability for severance and other termination benefits is as follows (in thousands):

Balance at December 31, 2014	\$	2,357
Provision for termination benefits (included in general and administrative expenses)		989
Termination benefits paid		(1,199)
Balance at June 30, 2015	\$	2,147

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT FOR THE PURPOSE OF FORWARD LOOKING STATEMENTS

This quarterly report includes forward-looking statements. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, credit ratings, distribution growth, potential growth opportunities, potential operating performance improvements, potential improvements in return on capital employed, the effects of competition and the effects of future legislation or regulations. You can identify our forward-looking statements by the words "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "guidance," "outlook," "effort," "target" and similar expressions. Such statements are based on management's current views and assumptions, and involve risks and uncertainties that could affect expected results. These forward-looking statements include, among other things, statements regarding:

- future retail gross profits, including gasoline, diesel and convenience store merchandise gross profits;
- our anticipated level of capital investments, primarily through third party acquisitions and drop down transactions with CST, and the effect of these capital investments on our results of operations;
- anticipated trends in the demand for, and volumes sold of, gasoline and diesel in the regions where we operate;
- expectations regarding environmental, tax and other regulatory initiatives; and
- the effect of general economic and other conditions on our business.

In general, we based the forward-looking statements on our current expectations, estimates and projections about our company and the industry in which we operate. We caution you that these statements are not guarantees of future performance as they involve assumptions that, while made in good faith, may prove to be incorrect, and involve risks and uncertainties we cannot predict. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecasted in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- availability of cash flow to pay the current quarterly distributions on our common units;
- the availability and cost of competing motor fuels;
- fuel price volatility or a reduction in demand for motor fuels;
- competition in the industries and geographical areas in which we operate;
- the consummation of financing, acquisition or disposition transactions and the effect thereof on our business;
- our existing or future indebtedness;
- our liquidity, results of operations and financial condition;
- failure to comply with applicable tax and other regulations or governmental policies;
- future legislation and changes in regulations or governmental policies or changes in enforcement or interpretations thereof;
- future regulations and actions that could expand the non-exempt status of employees under the Fair Labor Standards Act;
- future income tax legislation;
- changes in energy policy;
- increases in energy conservation efforts;
- technological advances;
- volatility in the capital and credit markets;
- the impact of worldwide economic and political conditions;

- the impact of wars and acts of terrorism;
- weather conditions or catastrophic weather-related damage;
- earthquakes and other natural disasters;
- hazards and risks associated with transporting and storing motor fuel;
- unexpected environmental liabilities;
- the outcome of pending or future litigation;
- our ability to comply with federal and state regulations, including those related to environmental matters, the sale of alcohol, cigarettes and fresh foods, and employment laws and health benefits;
- CST's business strategy and operations and CST's conflicts of interest with us;
- our ability to transition retail sites identified as non-core to dealer operated sites;
- our ability to integrate acquired businesses; and
- the ability to successfully integrate our operations and employees with CST.

You should consider the areas of risk described above, as well as those set forth in the section entitled "Risk Factors" included in our Form 10-K, in connection with considering any forward-looking statements that may be made by us and our businesses generally. We cannot assure you that projected results or events reflected in the forward-looking statements will be achieved or will occur. The forward-looking statements included in this report are made as of the date of this report. We undertake no obligation to publicly release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("MD&A") is intended to help the reader understand our results of operations and financial condition. This section is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes to these financial statements contained elsewhere in this report, this MD&A section and the consolidated financial statements and accompanying notes to those financial statements in our Form 10-K. Our Form 10-K contains a discussion of other matters not included herein, such as disclosures regarding critical accounting policies and estimates, and contractual obligations.

MD&A is organized as follows:

- **Significant Factors Affecting Our Profitability**—This section describes the significant impact on our results of operations caused by crude oil commodity price volatility and seasonality.
- **Recently Acquired Retail Sites**—This section describes our operating model related to recently acquired convenience store operations.
- **Results of Operations**—This section provides an analysis of our results of operations, including the results of operations of our business segments, for the three and six months ended June 30, 2015 and 2014, and an outlook for our business.
- **Liquidity and Capital Resources**—This section provides a discussion of our financial condition and cash flows. It also includes a discussion of our debt, capital requirements and other matters impacting our liquidity and capital resources.
- **New Accounting Policies**—This section describes new accounting pronouncements that we have already adopted, those that we are required to adopt in the future, and those that became applicable in the current year as a result of new circumstances.
- **Critical Accounting Policies**—This section describes the accounting policies and estimates that we consider most important for our business and that require significant judgment.

Significant Factors Affecting our Profitability

The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit

Wholesale segment

The prices paid to our motor fuel suppliers for wholesale motor fuel are highly correlated to the price of crude oil. The crude oil commodity markets are highly volatile, and the market prices of crude oil, and correspondingly the market prices of wholesale motor fuel, experience significant and rapid fluctuations. While a significant portion of our wholesale gross profits are derived from sales at fixed amounts over cost, our gross profits still experience variability. A portion of our gross profit margin is generated from payment discounts and incentives that are based on the price of wholesale motor fuel (which generally increases or decreases with the price of crude oil). As such, in periods of declining wholesale motor fuel prices, our profit margin is negatively affected and, in periods of rising wholesale motor fuel prices, our profit margin is positively affected. We estimate a \$10 per barrel change in the price of crude oil would impact our annual wholesale motor fuel gross profit by approximately \$2.5 million.

Retail segment

We attempt to pass along wholesale motor fuel price changes to our retail customers through “at the pump” retail price changes; however, market conditions do not always allow us to do so immediately. The timing of any related increase or decrease in “at the pump” retail motor fuel prices is affected by competitive conditions in each geographic market in which we operate. As such, the retail prices we charge our customers for motor fuel and the gross profit we receive on our retail motor fuel sales can increase or decrease significantly and rapidly over short periods of time due to the volatility of crude oil and wholesale motor fuel prices. It has been our experience, however, that over time, motor fuel gross profits are less affected by the volatility of crude oil and wholesale motor fuel prices as we and our competitors successfully pass along wholesale motor fuel price changes to consumers.

Seasonality Effects on Volumes

Our business exhibits substantial seasonality due to our wholesale and retail sites being located in certain geographic areas that are affected by seasonal weather and temperature trends and associated changes in retail customer activity during different seasons. Historically, sales volumes have been highest in the second and third quarters (during the summer activity months) and lowest during the winter months in the first and fourth quarters.

Recently Acquired Retail Sites

When we acquire wholesale and convenience store operations, we do not have a predetermined operating model for the convenience store operations. Subsequent to an acquisition, we evaluate the eventual long-term operation of each convenience store acquired: (a) to be fully integrated into the existing core retail operations of CST, (b) to be converted into a dealer, or (c) other strategic alternatives, including divestiture. All retail convenience stores we acquire through acquisitions are first categorized as non-core and an evaluation process (which could take up to twelve months) is performed to determine if any of the acquired convenience stores are suitable to be converted and integrated into CST’s core store operating model. If these stores are not determined to be core stores, these non-core stores will be evaluated for conversion to third party dealers, divestment or maintaining the existing operations using an operating model different from the core retail operations of CST. By converting non-core stores into dealers, we continue to benefit from motor fuel distribution volumes as well as rental income from lease or sublease arrangements.

Results of Operations

Consolidated Income Statement Analysis

Below is an analysis of our consolidated statements of operations and provides the primary reasons for significant increases and decreases in the various income statement line items from period to period. Our consolidated statements of operations are as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Operating revenues	\$ 647,448	\$ 763,845	\$ 1,125,217	\$ 1,245,866
Cost of sales	609,147	736,897	1,051,920	1,202,251
Gross profit	38,301	26,948	73,297	43,615
Income from CST Fuel Supply	1,177	—	2,275	—
Operating expenses:				
Operating expenses	16,435	7,475	30,172	9,643
General and administrative expenses	8,380	10,682	19,698	15,209
Depreciation, amortization and accretion expense	11,411	7,270	22,913	13,236
Total operating expenses	36,226	25,427	72,783	38,088
Gain on sales of assets, net	422	53	452	1,533
Operating income (loss)	3,674	1,574	3,241	7,060
Other income, net	190	119	249	223
Interest expense	(4,743)	(3,712)	(9,021)	(7,739)
Income (loss) before income taxes	(879)	(2,019)	(5,531)	(456)
Income tax expense (benefit)	(907)	(3,911)	(2,588)	(3,776)
Consolidated net income (loss)	28	1,892	(2,943)	3,320
Net loss attributable to noncontrolling interests	2	—	7	—
Net income (loss) attributable to CrossAmerica limited partners	30	1,892	(2,936)	3,320
Distributions to incentive distribution right holders	(195)	(31)	(365)	(62)
Net income (loss) available to CrossAmerica limited partners	\$ (165)	\$ 1,861	\$ (3,301)	\$ 3,258

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Consolidated Results

Operating revenues declined \$116.4 million, or 15%, while gross profit increased \$11.4 million, or 42%.

Operating revenues

Significant items impacting these results prior to the elimination of intercompany revenues were:

- A \$147.9 million, or 21%, decline in our Wholesale segment primarily attributable to:
 - A \$326.6 million decline attributable to a decrease in the wholesale price of our motor fuel. The average daily spot price of New York Harbor Conventional (“NYHC”) gasoline decreased to \$1.91 per gallon during the second quarter of 2015, compared to \$2.89 per gallon during the second quarter of 2014.
 - Partially offsetting this decline was a \$177.6 million increase primarily related to a 25% increase in volume from our 2014 and 2015 acquisitions.
 - Other revenues increased \$0.9 million in our Wholesale segment driven by additional rental income from the Nice N Easy Grocery Shoppes (“Nice N Easy”) and the Landmark convenience stores acquisitions.
- A \$58.7 million, or 44%, increase in our Retail segment primarily attributable to:
 - An increase of \$88.3 million from a 75% increase in motor fuel volume sold related to the PMI and Erickson acquisitions.
 - A \$28.0 million increase in our merchandise revenues attributable to convenience store operations from the PMI and Erickson acquisitions.
 - Partially offsetting these revenue increases was a decline of \$58.3 million primarily attributable to a decrease in the retail price of our motor fuel driven by a decline in wholesale motor fuel prices as noted above.

Intersegment revenues

We present the results of operations of our segments consistent with how our management views the business. Therefore, our segments are presented before intersegment eliminations (which consists of motor fuel sold by our Wholesale segment to our Retail segment as well as rental income received by our Wholesale segment from our Retail segment). As a result, in order to reconcile to our consolidated change in operating revenues, a discussion of the change in intersegment revenues is included in our consolidated MD&A discussion.

- Our intersegment revenues increased \$27.2 million, primarily attributable to an increase in our Wholesale segment selling motor fuel to the convenience stores acquired in the PMI and the Erickson acquisitions, which are included in our Retail segment.

Cost of sales

Cost of sales declined \$127.7 million, primarily from the decline in wholesale gasoline prices, which were partially offset by an increase in volumes purchased by our 2014 and 2015 acquisitions.

Income from CST Fuel Supply

As discussed in Note 2 of the condensed notes to the consolidated financial statements, in January 2015, we closed on the acquisition of a 5% limited partner equity interest in CST Fuel Supply. We recorded \$1.2 million of income from CST Fuel Supply in the second quarter of 2015 related to this new fuel supply investment.

Operating expenses

Operating expenses increased \$9.0 million for the three months ended June 30, 2015 compared to the same period of the prior year, primarily from convenience store operating expenses associated with the PMI and the Erickson acquisitions.

General and administrative expenses

General and administrative expenses declined \$2.3 million for the three months ended June 30, 2015, compared to the same period of the prior year, primarily attributable to a \$4.5 million decrease in acquisition related costs associated with costs incurred in 2014 in connection with the PMI acquisition. Partially offsetting these decreases were the impact of our 2014 and 2015 acquisitions, which caused a \$1.3 million increase in our general and administrative expenses to support these acquired operations, and an increase in the fixed management fee under the Original Omnibus Agreement representing \$0.8 million of the increase.

Depreciation, amortization and accretion expense

Depreciation, amortization and accretion expense increased \$4.1 million for the three months ended June 30, 2015 compared to the same period of the prior year, primarily driven by our 2014 and 2015 acquisitions.

Gains on sales of assets, net

Gains on sales of assets, net increased \$0.4 million for the three months ended June 30, 2015, compared to the same period of the prior year. The net gain recognized for the three months ended June 30, 2015 primarily includes a \$0.5 million gain related to the sale of PMI's transportation assets, partially offset by a \$0.3 million loss on converting certain Company operated sites to dealer operated sites.

Interest expense

Interest expense increased \$1.0 million for the three months ended June 30, 2015, compared to the same period of the prior year. The increase was primarily driven by the increase in the average outstanding debt balance as a result of additional borrowings to fund the 2014 and 2015 acquisitions.

Income tax benefit

The income tax benefit decreased from \$3.9 million for the three months ended June 30, 2014 to \$0.9 million for the three months ended June 30, 2015. The benefit for both periods was due in part to the losses reported by the taxable entities. In addition, the income tax benefit for the three months ended June 30, 2014 was primarily due to the partial release of a valuation allowance of \$5.2 million against deferred tax assets.

Consolidated Results

Operating revenues declined \$120.6 million, or 10%, while gross profit increased \$29.7 million, or 68%.

Operating revenues

Significant items impacting these results prior to the elimination of intercompany revenues were:

- A \$211.2 million, or 18%, decline in our Wholesale segment primarily attributable to:
 - A \$607.8 million decline attributable to a decrease in the wholesale price of our motor fuel. The average daily spot price of New York Harbor Conventional (“NYHC”) gasoline decreased to \$1.91 per gallon during the first half of 2015, compared to \$2.81 per gallon during the first half of 2014.
 - Partially offsetting this decline was a \$393.8 million increase primarily related to a 34% increase in volume from our 2014 and 2015 acquisitions.
 - Other operating revenues increased \$2.4 million in our Wholesale segment driven primarily by additional rental income from the Nice N Easy and the Landmark convenience stores acquisitions.
- A \$140.4 million, or 75%, increase in our Retail segment primarily attributable to:
 - An increase of \$199.5 million from a 117% increase in motor fuel volume sold related to the PMI and Erickson acquisitions.
 - A \$55.9 million increase in our merchandise revenues attributable to the PMI and Erickson acquisitions.
 - Partially offsetting these revenue increases was a decline of \$117.5 million primarily attributable to a decrease in the retail price of our motor fuel driven by a decline in wholesale motor fuel prices as noted above.

Intersegment revenues

We present the results of operations of our segments consistent with how our management views the business. Therefore, our segments are presented before intersegment eliminations (which consists of motor fuel sold by our Wholesale segment to our Retail segment as well as rental income received by our Wholesale segment from our Retail segment). As a result, in order to reconcile to our consolidated change in revenue, a discussion of the change in intersegment revenue is included in our consolidated MD&A discussion.

- Our intersegment revenues increased \$49.9 million, primarily attributable to an increase in our Wholesale segment selling motor fuel to the convenience stores acquired in the PMI and the Erickson acquisitions, which are included in our Retail segment.

Cost of sales

Cost of sales declined \$150.3 million, primarily from the decline in wholesale gasoline prices, which were partially offset by an increase in volumes purchased by our 2014 and 2015 acquisitions.

Income from CST Fuel Supply

As discussed in Note 2 of the condensed notes to consolidated financial statements, in January 2015, we closed on the acquisition of a 5% limited partner equity interest in CST Fuel Supply. We recorded \$2.3 million of income from CST Fuel Supply in the first half of 2015 related to this new fuel supply investment.

Operating expenses

Operating expenses increased \$20.5 million for the six months ended June 30, 2015 compared to the same period of the prior year, primarily from convenience store operating expenses associated with the PMI and the Erickson acquisitions.

General and administrative expenses

General and administrative expenses increased \$4.5 million for the six months ended June 30, 2015, compared to the same period of the prior year, partially attributable to our 2014 and 2015 acquisitions, which caused \$3.5 million of the increase, an increase

in the fixed management fee under the Original Omnibus Agreement representing \$1.5 million of the increase, and an increase of \$2.1 million as a result of incentive compensation expense allocated by CST under the Amended Omnibus Agreement. These increases were partially offset by a \$3.8 million decrease in acquisition related costs.

Depreciation, amortization and accretion expense

Depreciation, amortization and accretion expense increased \$9.7 million for the six months ended June 30, 2015 compared to the same period of the prior year, primarily driven by our 2014 and 2015 acquisitions.

Gains on sales of assets, net

Gains on sales of assets, net decreased \$1.1 million for the six months ended June 30, 2015, compared to the same period of the prior year. The net gain recognized for the six months ended June 30, 2015 primarily includes a \$0.5 million gain related to the sale of PMI's transportation assets, partially offset by a \$0.3 million loss on converting certain Company operated sites to dealer operated sites. The net gain recognized for the six months ended June 30, 2014 related primarily to two site divestitures.

Interest expense

Interest expense increased \$1.3 million for the six months ended June 30, 2015, compared to the same period of the prior year. The increase is primarily driven by the increase in the average outstanding debt balance as a result of additional borrowings to fund the 2014 and 2015 acquisitions.

Income tax benefit

The income tax benefit decreased from \$3.8 million for the six months ended June 30, 2014 to \$2.6 million for the six months ended June 30, 2015. The benefit for both periods was due in part to the losses reported by the taxable entities. In addition, the income tax benefit for the six months ended June 30, 2014 was primarily due to the partial release of a valuation allowance of \$5.2 million against deferred tax assets.

We present the results of operations of our segments consistent with how our management views the business. Therefore, our segments are presented before intersegment eliminations (which consists of motor fuel sold by our Wholesale segment to our Retail segment as well as rental income received by our Wholesale segment from our Retail segment).

Wholesale

The following table highlights the results of operations and certain operating metrics of our Wholesale segment. The narrative following these tables provides an analysis of the results of operations of that segment (thousands of dollars, except for the number of distribution sites and per gallon amounts):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Operating revenues:				
Motor fuel—third party	\$ 306,360	\$ 411,135	\$ 537,971	\$ 654,617
Motor fuel—intersegment and related party	248,411	292,450	414,674	511,540
Motor fuel operating revenues	554,771	703,585	952,645	1,166,157
Other ^(a)	10,920	9,990	22,129	19,768
Total operating revenues	\$ 565,691	\$ 713,575	\$ 974,774	\$ 1,185,925
Gross profit:				
Motor fuel—third party	\$ 6,521	\$ 8,254	\$ 13,669	\$ 12,937
Motor fuel—intersegment and related party	8,076	6,776	14,060	11,453
Motor fuel gross profit	14,597	15,030	27,729	24,390
Other ^(b)	6,941	6,244	14,908	12,386
Total gross profit	21,538	21,274	42,637	36,776
Income from CST Fuel Supply ^(c)	1,177	—	2,275	—
Operating expenses	4,267	4,970	7,990	6,803
Depreciation, amortization and accretion expense	7,672	6,290	16,445	11,769
Gain on sales of assets, net	422	53	452	1,533
Operating income	\$ 11,198	\$ 10,067	\$ 20,929	\$ 19,737
Adjusted EBITDA ⁽ⁱ⁾	\$ 18,448	\$ 16,304	\$ 36,922	\$ 29,973
Motor fuel distribution sites (end of period):^(d)				
Motor fuel—third party				
Independent dealers ^(e)	379	430	379	430
Lessee dealers	235	202	235	202
Total motor fuel sites—third party	614	632	614	632
Motor fuel—intersegment and related party				
Affiliated dealers (related party)	199	234	199	234
CST (related party)	43	—	43	—
Commission agents (Retail segment)	70	67	70	67
Retail convenience stores (Retail segment)	124	87	124	87
Total motor fuel sites—intersegment and related party	436	388	436	388
Motor fuel distribution sites (average during the period):				
Motor fuel-third party sites	608	539	613	509
Motor fuel-related party sites	447	365	441	340

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Total volume of gallons distributed (in thousands)	277,126	222,850	510,938	382,431
Motor fuel gallons distributed per site per day:^(f)				
Motor fuel—third party sites				
Total weighted average motor fuel distributed—third party sites ^(g)	2,567	2,589	2,434	2,220
Independent dealers	2,966	2,989	2,781	2,483
Lessee dealers	1,885	1,908	1,801	1,804
Motor fuel—intersegment and related party sites				
Total weighted average motor fuel distributed—intersegment and related party sites	3,084	2,456	2,800	2,443
Affiliated dealers (related party)	2,609	2,765	2,457	2,528
CST (related party)	5,239	—	5,163	—
Commission agents (Retail segment)	2,992	2,905	2,860	2,949
Retail convenience stores (Retail segment)(h)	3,143	675	2,563	679
Wholesale margin per gallon—total system	\$ 0.0527	\$ 0.0674	\$ 0.0543	\$ 0.0638
Wholesale margin per gallon—third party ⁽ⁱ⁾	\$ 0.0430	\$ 0.0584	\$ 0.0475	\$ 0.0557
Wholesale margin per gallon—intersegment and related party	\$ 0.0644	\$ 0.0832	\$ 0.0629	\$ 0.0763

(a) Primarily consists of rental income.

(b) Primarily consists of rental income, net of rent expense, on subleased properties.

(c) Represents income from our equity interest in CST Fuel Supply.

(d) In addition, we distribute motor fuel to 14 sub-wholesalers who distribute to additional sites.

(e) The decline in the independent dealer site count was primarily attributable to 29 terminated motor fuel supply contracts that were not renewed as well as the motor fuel supply contracts related to the 13 sites for which we supplied the motor fuel sold to DMS.

(f) Includes 56.8 million and 19.7 million gallons of intersegment volumes distributed from our Wholesale segment to our Retail segments three months ended June 30, 2015 and 2014, respectively. Includes 96.2 million and 34.9 million gallons of intersegment volumes distributed from our Wholesale segment to our Retail segments six months ended June 30, 2015 and 2014, respectively.

(g) Does not include the motor fuel gallons distributed to 14 sub-wholesalers.

(h) Motor fuel gallons distributed per site per day increased at our retail convenience stores as a result of the 87 sites acquired in the May 2014 PMI acquisition and 64 sites acquired in the February 2015 Erickson acquisition. The remaining portion of the increase is due to sites that were converted to dealers during the period.

(i) Includes the wholesale gross margin for motor fuel distributed to 14 sub-wholesalers.

(j) Adjusted EBITDA represents operating income adjusted to exclude gains on sales of assets, net and depreciation, amortization and accretion expense. Please see the reconciliation of our segment's Adjusted EBITDA to consolidated net income under the heading "Non-GAAP Financial Measures."

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Operating revenues decreased \$147.9 million, gross profit increased \$0.3 million, and operating expenses decreased \$0.7 million, which were the primary reasons for the operating income increase of \$1.1 million.

The results were driven by:

Operating revenues

- A \$326.6 million decline attributable to a decrease in the wholesale price of our motor fuel. The average daily spot price of NYHC gasoline decreased to \$1.91 per gallon during the second quarter of 2015, compared to \$2.89 per gallon during the second quarter of 2014.
- Partially offsetting this decline was a \$177.6 million increase related to a 25% increase in volume from our 2014 and 2015 acquisitions.
- Other operating revenues increased \$0.9 million driven by additional rental income from the Nice N Easy and Landmark acquisitions.

Gross profit

- A decline of \$5.0 million primarily attributable to a decline in our payment discounts and incentives, which are discussed under the heading “The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit,” partially offset by a \$4.0 million increase in our motor fuel volume and a \$0.7 million increase primarily from rental income resulting from our recent acquisitions.

Income from CST Fuel Supply

- We recorded \$1.2 million of income from our investment in CST Fuel Supply.

Operating expenses

- Operating expenses decreased \$0.7 million for the three months ended June 30, 2015 compared to the same period of the prior year, primarily due to the sale of PMI’s transportation assets and the resulting reduction in operating expenses.

Depreciation, amortization and accretion expense

- Depreciation, amortization and accretion increased \$1.4 million for the three months ended June 30, 2015 compared to the same period of the prior year, primarily driven by incremental depreciation and amortization resulting from our 2014 and 2015 acquisitions.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Operating revenues decreased \$211.2 million, gross profit increased \$5.9 million, and operating expenses increased \$1.2 million, which were the primary reasons for the operating income increase of \$1.2 million.

The results were driven by:

Operating revenues

- A \$607.8 million decline attributable to a decrease in the wholesale price of our motor fuel. The average daily spot price of NYHC gasoline decreased to \$1.91 per gallon during the first half of 2015, compared to \$2.81 per gallon during the first half of 2014.
- Partially offsetting this decline was a \$393.8 million increase related to a 34% increase in volume from our 2014 and 2015 acquisitions.
- Other revenues increased \$2.4 million driven by additional rental income from the Nice N Easy and Landmark acquisitions.

Gross profit

- An increase of \$8.3 million primarily attributable to an increase in motor fuel volume and an increase of \$2.5 million primarily from rental income resulting from our recent acquisitions, partially offset by a decline of \$5.1 million primarily attributable to a decline in our payment discounts and incentives, which are discussed under the heading “The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit.”

Income from CST Fuel Supply

- We recorded \$2.3 million of income from our investment in CST Fuel Supply.

Operating expenses

- Operating expenses increased \$1.2 million for the six months ended June 30, 2015 compared to the same period of the prior year, primarily due to 2015 including a full six months of operating expenses for PMI’s wholesale operations, partially offset by the impact of the sale of PMI’s transportation assets and the resulting reduction in operating expenses.

Depreciation, amortization and accretion expense

- Depreciation, amortization and accretion increased \$4.7 million for the six months ended June 30, 2015 compared to the same period of the prior year, primarily driven by incremental depreciation and amortization resulting from our 2014 and 2015 acquisitions.

Retail

The following table highlights the results of operations and certain operating metrics of our Retail segment. The narrative following these tables provides an analysis of the results of operations of that segment (thousands of dollars, except for the number of convenience stores and per gallon amounts):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Operating revenues:				
Motor fuel	\$ 147,207	\$ 117,229	\$ 253,400	\$ 170,531
Merchandise	41,864	13,903	69,849	13,903
Other ^(a)	1,881	1,096	3,728	2,150
Total operating revenues	\$ 190,952	\$ 132,228	\$ 326,977	\$ 186,584
Gross profit:				
Motor fuel	\$ 5,422	\$ 1,670	\$ 10,139	\$ 1,991
Merchandise	9,889	3,174	17,664	3,174
Other	1,452	830	2,857	1,674
Total gross profit	16,763	5,674	30,660	6,839
Operating expenses	12,168	2,505	22,182	2,840
Depreciation, amortization and accretion expense	3,739	980	6,468	1,467
Operating income	\$ 856	\$ 2,189	\$ 2,010	\$ 2,532
Adjusted EBITDA ^(f)	\$ 4,595	\$ 4,652	\$ 9,184	\$ 5,482
Retail sites (end of period):				
Commission agents ^(b)	70	67	70	67
Company operated convenience stores ^{(c), (d)}	124	87	124	87
Total system sites at the end of the period	194	154	194	154
Total system operating statistics:				
Average retail sites during the period ^(d)	206	119	205	88
Motor fuel sales (gallons per site per day)	3,057	2,977	2,800	2,996
Motor fuel gross profit per gallon, net of credit card fees and commissions	\$ 0.0946	\$ 0.0520	\$ 0.0978	\$ 0.0420
Commission agents statistics:				
Average retail sites during the period	71	61	72	59
Motor fuel sales (gallons per site per day)	3,005	3,133	2,867	3,071
Motor fuel gross profit per gallon, net of credit card fees and commissions	\$ 0.0209	\$ 0.0153	\$ 0.0297	\$ 0.0175
Company operated convenience store retail site statistics:^(d)				
Average retail sites during the period	135	58	132	29
Motor fuel sales (gallons per site per day)	3,085	2,814	2,763	2,814
Motor fuel gross profit per gallon, net of credit card fees	\$ 0.1326	\$ 0.0931	\$ 0.1365	\$ 0.0931
Merchandise sales (per site per day) ^(e)	\$ 3,414	\$ 2,620	\$ 2,920	\$ 2,620
Merchandise gross profit percentage, net of credit card fees ^(e)	23.6%	22.8%	25.3%	22.8%

(a) Primarily consists of rental income and car wash revenues.

(b) A commission agent site is a site where we own or lease the property and then lease or sublease the site to the commission agent, who pays rent to us and operates all of the non-fuel related operations at the sites for their own account.

(c) Our company operated retail convenience stores are classified as non-core to the consolidated operations of CST. See Note 1 of the condensed notes to the consolidated financial statements for a further discussion of recently acquired company operated convenience stores.

(d) The increase in retail sites relates to 87 sites acquired in the May 2014 PMI acquisition and 64 sites acquired in the February 2015 Erickson acquisition.

(e) During the second quarter of 2015, CrossAmerica began classifying the net margin from lottery tickets within merchandise revenues and reflected this change in presentation retrospectively.

(f) Adjusted EBITDA represents operating income adjusted to exclude depreciation, amortization and accretion expense and inventory fair value adjustments related to purchase accounting. Please see the reconciliation of our segment's Adjusted EBITDA to consolidated net income under the heading "Non-GAAP Financial Measures."

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014

Operating revenues increased \$58.7 million, gross profit increased \$11.1 million, while operating expenses increased \$9.7 million, and depreciation, amortization and accretion expense increased \$2.8 million, causing operating income to decline \$1.3 million.

These results were driven by:

Operating revenues

- An increase of \$88.3 million from a 75% increase in volume related to the PMI and the Erickson acquisitions.
- A \$28.0 million increase in our merchandise revenues attributable to the convenience stores acquired in the PMI and Erickson acquisitions.
- Partially offsetting these increases was a decline of \$58.3 million primarily attributable to a decrease in the retail price of our motor fuel driven by a decline in wholesale motor fuel prices.

Gross profit

- A \$3.8 million increase in our motor fuel gross profit attributable to the PMI and Erickson acquisitions.
- Our merchandise gross profit increased \$6.7 million attributable to the PMI and Erickson acquisitions.

Operating expenses

- A \$9.7 million increase in operating expenses attributable to the PMI and Erickson acquisitions.

Depreciation, amortization and accretion expense

- A \$2.8 million increase in depreciation, amortization and accretion expense driven by additional depreciation and amortization resulting from our 2014 and 2015 acquisitions.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Operating revenues increased \$140.4 million, gross profit increased \$23.8 million, while operating expenses increased \$19.3 million, and depreciation, amortization and accretion expense increased \$5.0 million, causing operating income to decline \$0.5 million.

These results were driven by:

Operating revenues

- An increase of \$199.5 million from a 117% increase in volume related to the PMI and Erickson acquisitions.
- A \$55.9 million increase in our merchandise revenues attributable to the convenience stores acquired in the PMI and Erickson acquisitions.
- Partially offsetting these increases was a decline of \$117.5 million primarily attributable to a decrease in the retail price of our motor fuel driven by a decline in wholesale motor fuel prices.

Gross profit

- An \$8.1 million increase in our motor fuel gross profit attributable to the PMI and Erickson acquisitions.
- Our merchandise gross profit increased \$14.5 million attributable to the PMI and Erickson acquisitions.

Operating expenses

- A \$19.3 million increase in operating expenses attributable to the PMI and Erickson acquisitions.

Depreciation, amortization and accretion expense

- A \$5.0 million increase in depreciation, amortization and accretion expense driven by additional depreciation and amortization resulting from the PMI and the Erickson acquisitions.

Outlook

We expect our total fuel volume to increase in 2015, primarily driven by our acquisition activities. Per the U.S. Energy Information Administration website, U.S. weekly regular gasoline retail prices reached a 2015 year-to-date high in mid-June, an increase from early in the second quarter but below the same time last year. Strong demand for gasoline in both the United States and abroad has driven gasoline prices higher throughout the 2nd quarter of 2015, despite relatively stable crude oil prices. Data from the U.S. Federal Highway Administration show Americans drove a record 988 billion miles during the first four months of 2015, compared with the previous record of 966 billion miles driven in the first four months of 2007. U.S. average wholesale gasoline margins averaged higher during June 2015 than June of last year, higher than the five-year average (2010-14) for June.

We expect rent income to increase in 2015 as a result of our acquisition activities. We will continue to evaluate acquisitions on an opportunistic basis. Additionally, we will pursue targets that fit into our strategy and complement CrossAmerica as well as CST's portfolio. Whether we will be able to execute acquisitions will depend on market conditions, availability of suitable acquisition targets at attractive terms, which are expected to be accretive to CrossAmerica's unitholders, and our ability to finance such acquisitions on favorable terms.

Liquidity

Our principal liquidity requirements are to finance our operations, fund acquisitions, to service our debt and pay distributions to our unitholders and the holder of our incentive distribution rights. We expect our ongoing sources of liquidity to include cash generated by our operations and borrowings under the revolving credit facility and, if available to us on acceptable terms, issuances of equity and debt securities. We expect that these sources of funds will be adequate to provide for our short-term and long-term liquidity needs. Our ability to meet our debt service obligations and other capital requirements, including capital expenditures, acquisitions, and partnership distributions will depend on our future operating performance which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. As a normal part of our business, depending on market conditions, we will, from time to time, consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause us to seek additional debt or equity financing in future periods.

We believe that we will have sufficient cash flow from operations, borrowing capacity under the revolving credit facility and the ability to issue additional equity and/or debt securities to meet our financial commitments, debt service obligations, contingencies, anticipated capital expenditures, and partnership distributions. However, we are subject to business and operational risks that could adversely affect our cash flow. A material decrease in our cash flows would likely produce an adverse effect on our borrowing capacity as well as our ability to issue additional equity and/or debt securities.

Cash Flows

Net cash provided by operating activities for the six months ended June 30, 2015 was \$16.5 million compared to \$2.5 million for the six months ended June 30, 2014, driven primarily from working capital changes, which are shown in Note 17, and an increase in non-cash expenses, particularly depreciation, amortization, and accretion.

Net cash used in investing activities for the six months ended June 30, 2015 was \$126.2 million compared to \$104.3 million for the six months ended June 30, 2014. The increase in net cash used in investing activities for the six months ended June 30, 2015 was related to our Landmark and Erickson acquisitions, partially offset by the proceeds received in 2014 on the sale of the lubricants business.

Net cash provided by financing activities for the six months ended June 30, 2015 was \$99.1 million compared to net cash provided by financing activities of \$98.5 million for the six months ended June 30, 2014. During the first quarter of 2015, we borrowed \$132.8 million under the revolving credit facility primarily to finance the Landmark convenience stores and the Erickson acquisitions. Additionally, during the second quarter of 2015, we closed on the sale of 4.6 million common units for net proceeds of \$138.5 million and used the net proceeds from this offering to reduce indebtedness outstanding under our revolving credit facility. During the six months ended June 30, 2014, we had net borrowings of \$126.2 million primarily used to fund acquisitions, partially offset by \$19.2 million of distributions to our common and subordinated unit holders.

Non-GAAP Financial Measures

We use the non-GAAP financial measures EBITDA, Adjusted EBITDA, and Distributable Cash Flow in this report. EBITDA represents net income before deducting interest expense, income taxes and depreciation, amortization and accretion. Adjusted EBITDA represents EBITDA as further adjusted to exclude equity funded expenses related to incentive compensation and the Amended Omnibus Agreement, gains or losses on sales of assets, certain discrete acquisition related costs, such as legal and other professional fees and severance expenses associated with recently acquired companies, and certain other discrete non-cash items, such as inventory fair value adjustments arising from purchase accounting. Distributable Cash Flow represents Adjusted EBITDA less cash interest expense, sustaining capital expenditures and current income tax expense.

EBITDA, Adjusted EBITDA, and Distributable Cash Flow are used as supplemental financial measures by management and by external users of our financial statements, such as investors and lenders. EBITDA and Adjusted EBITDA are used to assess our financial performance without regard to financing methods, capital structure or income taxes and our ability to incur and service debt and to fund capital expenditures. In addition, Adjusted EBITDA is used to assess the operating performance of our business on a consistent basis by excluding the impact of items which do not result directly from our wholesale distribution of motor fuel, the leasing of real property, or the day to day operations of our retail convenience store activities. EBITDA, Adjusted EBITDA, and Distributable Cash Flow are also used to assess our ability to generate cash sufficient to make distributions to our unit-holders.

We believe the presentation of EBITDA, Adjusted EBITDA, and Distributable Cash Flow provides useful information to investors in assessing our financial condition and results of operations. EBITDA, Adjusted EBITDA, and Distributable Cash Flow should not be considered alternatives to net income, net cash provided by operating activities or any other measure of financial performance

or liquidity presented in accordance with U.S. GAAP. EBITDA, Adjusted EBITDA, and Distributable Cash Flow have important limitations as analytical tools because they exclude some but not all items that affect net income and net cash provided by operating activities. Additionally, because EBITDA, Adjusted EBITDA, and Distributable Cash Flow may be defined differently by other companies in our industry, our definitions may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

The following table presents reconciliations of EBITDA, Adjusted EBITDA, and Distributable Cash Flow to net income, the most directly comparable U.S. GAAP financial measure, for each of the periods indicated (in thousands, except for per unit amounts):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net income (loss) available to CrossAmerica limited partners	\$ (165)	\$ 1,861	\$ (3,301)	\$ 3,258
Interest expense	4,743	3,712	9,021	7,739
Income tax expense (benefit)	(907)	(3,911)	(2,588)	(3,776)
Depreciation, amortization and accretion	11,411	7,270	22,913	13,236
EBITDA	\$ 15,082	\$ 8,932	\$ 26,045	\$ 20,457
Equity funded expenses related to incentive compensation and the Amended Omnibus Agreement ^(a)	3,250	1,136	6,192	2,050
Gain on sales of assets, net	(422)	(53)	(452)	(1,533)
Acquisition costs ^(b)	1,150	5,638	2,152	5,951
Inventory fair value adjustments	—	1,483	706	1,483
Adjusted EBITDA	\$ 19,060	\$ 17,136	\$ 34,643	\$ 28,408
Cash interest expense	(4,006)	(3,321)	(7,915)	(6,365)
Sustaining capital expenditures ^(c)	(307)	(425)	(827)	(984)
Current income tax expense	(428)	79	(1,487)	(65)
Distributable Cash Flow	\$ 14,319	\$ 13,469	\$ 24,414	\$ 20,994
Diluted common and subordinated units	25,155	18,719	24,880	18,696
Distributable Cash Flow per diluted limited partner unit	\$ 0.5692	\$ 0.7195	\$ 0.9813	\$ 1.1229
Distributions paid per limited partner unit	\$ 0.5475	\$ 0.5125	\$ 1.0900	\$ 1.0250
Distribution coverage	1.04x	1.40x	0.90x	1.10x

(a) As approved by the independent conflicts committee of the General Partner and the executive committee of and CST's board of directors, CrossAmerica and CST mutually agreed to settle the second quarter 2015 amounts due under the terms of the Amended Omnibus Agreement in limited partnership units.

(b) Relates to certain discrete acquisition related costs, such as legal and other professional fees and severance expenses associated with recently acquired businesses.

(c) Under our Partnership Agreement, sustaining capital expenditures are capital expenditures made to maintain our long-term operating income or operating capacity. Examples of sustaining capital expenditures are those made to maintain existing contract volumes, including payments to renew existing distribution contracts, or to maintain our sites in leasable condition, such as parking lot or roof replacement/renovation, or to replace equipment required to operate our existing business.

The following table reconciles our segment Adjusted EBITDA to consolidated net income (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Wholesale Segment				
Adjusted EBITDA	\$ 18,448	\$ 16,304	\$ 36,922	\$ 29,973
Retail Segment				
Adjusted EBITDA	\$ 4,595	\$ 4,652	\$ 9,184	\$ 5,482
Total Segment				
Adjusted EBITDA	\$ 23,043	\$ 20,956	\$ 46,106	\$ 35,455
Reconciling items:				
General and administrative expenses	(8,380)	(10,682)	(19,698)	(15,209)
Gain on sales of assets, net	422	53	452	1,533
Other income, net	190	119	249	223
Interest expense	(4,743)	(3,712)	(9,021)	(7,739)
Income tax benefit	907	3,911	2,588	3,776
Depreciation, amortization and accretion expense	(11,411)	(7,270)	(22,913)	(13,236)
Inventory fair value adjustment	—	(1,483)	(706)	(1,483)
Consolidated net income	\$ 28	\$ 1,892	\$ (2,943)	\$ 3,320

Debt

As of June 30, 2015, our consolidated debt consisted of the following (in thousands):

	June 30, 2015
Revolving credit facility	\$ 186,909
Financing obligation associated with Rocky Top acquisition	26,250
Note payable	903
Total	214,062
Current portion	5,554
Total	\$ 219,616

Our revolving credit facility is secured by substantially all of the assets of CrossAmerica and its subsidiaries. Our borrowings under the revolving credit facility had an interest rate of 3.44% as of June 30, 2015. Letters of credit outstanding at June 30, 2015 totaled \$16.4 million. As of June 30, 2015, after taking into account letters of credit and debt covenant constraints to availability, approximately \$139.5 million was available for future borrowings. Subsequent to the July 2015 acquisitions discussed in Note 2, the availability for future borrowings was approximately \$98.9 million. In connection with future acquisitions, the revolving credit facility requires, among other things, that we have, after giving effect to such acquisition, at least \$20 million of borrowing availability under the revolving credit facility and unrestricted cash on the balance sheet on the date of such acquisition. We are required to maintain a total leverage ratio (as defined in the Credit Agreement) for the most recently completed four fiscal quarters of less than or equal to 5.00 to 1.00. As of June 30, 2015, CrossAmerica was in compliance with these financial covenant ratios.

In connection with the Rocky Top acquisition that we completed on September 24, 2013, we entered into a lease for certain sites which obligates CrossAmerica to purchase these sites, at the election of the lessor, either (a) in whole on or about August 1, 2015, or (b) in approximately equal parts over a 5 year period for an average of \$5.3 million per year beginning in 2016. At December 31, 2014, CrossAmerica classified the entire balance of the financing obligation associated with the Rocky Top acquisition as current due to the possibility that CrossAmerica would be required to fund the obligation in 2015. In 2015, the sellers gave notice that the

option of requiring a purchase of the sites on August 1, 2015 would not be exercised, and CrossAmerica reclassified \$20.8 million to noncurrent in 2015.

Capital Expenditures

We make investments to expand, upgrade and enhance existing assets. We categorize our capital requirements as either sustaining capital expenditures or acquisition capital expenditures. Sustaining capital expenditures are those capital expenditures required to maintain our long-term operating income or operating capacity. Acquisition capital expenditures are those capital expenditures that we expect will increase our operating income or operating capacity over the long term. We have the ability to fund our capital expenditures by additional borrowings under the revolving credit facility or, if available to us on acceptable terms, issuing additional equity, debt securities or other options, such as the sale of assets. We may not be able to complete any offering of securities or other options on terms acceptable to us, if at all.

The following table outlines our consolidated capital expenditures by segment for the six months ended June 30, 2015 and 2014 (in thousands):

	Six Months Ended June 30,	
	2015	2014
Wholesale Segment		
Sustaining capital	\$ 244	\$ 830
Acquisitions	57,307	70,629
Total Wholesale Segment	57,551	71,459
Retail Segment		
Sustaining capital	583	154
Acquisitions	70,362	44,792
Total Retail Segment	70,945	44,946
Total consolidated capital expenditures and acquisitions	\$ 128,496	\$ 116,405

Other Matters Impacting Liquidity and Capital Resources

CrossAmerica Common Unit Offering

On June 19, 2015, CrossAmerica closed on the sale of 4.6 million common units for net proceeds of approximately \$138.5 million. On July 16, 2015, CrossAmerica closed on the sale of an additional 0.2 million common units for net proceeds of approximately \$6.2 million in accordance with the underwriters' option to purchase additional common units. See Note 11 for additional information.

Distributions

Since the closing of our initial public offering, we have increased our quarterly distributions from \$0.4375 per unit (\$1.75 per unit on an annualized basis) to \$0.5475 per unit (or \$2.19 per unit on an annualized basis). On June 5, 2015, the board of directors of our General Partner approved a quarterly distribution of \$0.5475 per unit attributable to the first quarter of 2015 (annualized \$2.19 per unit), representing a 0.9% increase in our cash distribution per unit from \$0.5425 per quarter (\$2.17 per unit annualized) paid with respect to the fourth quarter of 2014. The distribution attributable to the first quarter was paid on June 19, 2015 to all unitholders of record on June 15, 2015. The amount of any distribution is subject to the discretion of the board of directors of our General Partner which may modify or revoke our cash distribution policy at any time. Our Partnership Agreement does not require us to pay any distributions. As such, there can be no assurance we will continue to pay distributions in the future.

IDRs

IDRs entitle CST to receive a percentage of our quarterly distributions from operating surplus (as defined in the Partnership Agreement) after the minimum quarterly distribution and the target distribution levels have been achieved. If cash distributions to our limited partner unitholders exceed \$0.5031 per unit in any quarter, our unitholders and CST, as the holder of our IDRs, will receive distributions according to the following percentage allocations:

Total Quarterly Distribution Per Common and Subordinated Unit	Marginal Percentage Interest in Distribution	
	Unitholders	Holders of IDRs
above \$0.5031 up to \$0.5469	85 %	15 %
above \$0.5469 up to \$0.6563	75 %	25 %
above \$0.6563	50 %	50 %

During the first half of 2015, we distributed \$0.4 million to CST with respect to the IDRs.

Purchase of CST Fuel Supply Equity Interests

In January 2015 and again in July 2015, we closed on the purchase of a 5% and 12.5%, respectively, limited partner equity interest in CST Fuel Supply. See Notes 2 and 9 for additional information.

Acquisition of Landmark

In January 2015, in connection with the joint acquisition by CST and CrossAmerica of 22 convenience stores from Landmark, we acquired the real property of the 22 fee sites as well as certain wholesale fuel distribution assets for \$41.2 million. See Note 2 for additional information.

Acquisition of Erickson

In February 2015, CrossAmerica closed on the purchase of all of the outstanding capital stock of Erickson and certain related assets for an aggregate purchase price of \$84.9 million, subject to certain post-closing adjustments. See Note 2 for additional information.

Purchase of NTI Convenience Stores

In July 2015, we completed the purchase of real property at 29 NTIs from CST in exchange for an aggregate consideration of approximately 0.3 million common units and cash in the amount of \$124.4 million, with an aggregate consideration of \$134.0 million on the date of closing. See Note 2 for additional information.

Acquisition of One Stop

In July 2015, CrossAmerica closed on the purchase of 41 convenience stores from One Stop and certain related assets. See Note 2 for additional information.

New Accounting Policies

In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-06—*Earnings Per Share (Topic 260): Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions*, which requires that for purposes of calculating historical earnings per unit under the two-class method, the earnings (losses) of a transferred business before the date of a dropdown transaction should be allocated entirely to the general partner. This guidance is effective January 1, 2016. Early adoption is permitted. The guidance is to be applied on a retrospective basis for all financial statements presented. Management is currently evaluating this new guidance, including how it will apply the guidance at the date of adoption.

In April 2015, the FASB issued ASU 2015-03—*Interest-Imputation of Interest (Subtopic 835-30)*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This guidance is effective January 1, 2016. Early adoption is permitted. The guidance is to be applied on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. If the guidance were applicable at June 30, 2015, other noncurrent assets and long-term debt would be lower by \$6.1 million.

In May 2014, the FASB issued ASU 2014-09—*Revenue from Contracts with Customers (Topic 606)*, which results in comprehensive new revenue accounting guidance, requires enhanced disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized, and develops a common revenue standard under U.S. GAAP and International Financial Reporting Standards. Specifically, the core principle of the guidance is 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 and services. This guidance is effective January 1, 2018, pending issuance of the final Accounting Standards Update. Early adoption is not permitted. The guidance can be applied either retrospectively to each prior reporting period presented, or as a cumulative-effect adjustment as of the date of adoption. Management is currently evaluating this new guidance, including how it will apply the guidance at the date of adoption.

As discussed in Note 1, certain other new financial accounting pronouncements have become effective for our financial statements and the adoption of these pronouncements will not affect our financial position or results of operations, nor will they require any additional disclosures.

Critical Accounting Policies Involving Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ from those estimates.

There have been no material changes to the critical accounting policies described in our Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

As of June 30, 2015, we had \$186.9 million outstanding on our revolving credit facility. Our outstanding borrowings bear interest at the London Interbank Offered Rate plus a margin of 3.25%. These borrowings had an interest rate of 3.44%. A one percentage point change in our average rate would impact annual interest expense by approximately \$1.9 million.

Commodity Price Risk

We have not historically hedged or managed our price risk with respect to our commodity inventories (gasoline and diesel fuel), as the time period between the purchases of our motor fuel inventory and the sales to our customers is very short.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2015, management, with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2015, the design and operation of our disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except as noted below.

CrossAmerica acquired Erickson effective February 12, 2015. The internal controls over financial reporting of Erickson are anticipated to be excluded from a formal evaluation of effectiveness of CrossAmerica's disclosure controls and procedures as of December 31, 2015. This decision was based upon the significance of Erickson to CrossAmerica and the timing of integration efforts underway to transition Erickson's processes, information technology systems and other components of internal control over financial reporting to the internal control structure of CrossAmerica. CrossAmerica has expanded its consolidation and disclosure controls and procedures to include Erickson, and CrossAmerica continues to assess the current internal control over financial reporting at Erickson. Risks related to the increased account balances are partially mitigated by CrossAmerica's expanded controls over Erickson's results and the incorporation of Erickson's balances into CrossAmerica's consolidated financial statements.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We hereby incorporate by reference into this Item our disclosures made in Part I, Item 1 of this quarterly report included in Note 10 of the notes to the consolidated financial statements.

Item 1A. RISK FACTORS

There were no material changes to the risk factors disclosed in the section entitled "Risk Factors" in our Form 10-K other than set forth below.

The employees providing services to us are subject to extensive government laws and regulations, and the cost of compliance with such laws and regulations can be material.

Regulations related to wages affect our business. Any appreciable increase in the statutory minimum wage, exemption levels, overtime or unionization of the workforce providing services to us could result in an increase in labor costs and such cost increase, or the penalties for failing to comply with such statutory minimums, could adversely affect our business, financial condition and results of operations.

Further, U.S. health care reform legislation requires us to provide additional health insurance benefits to the employees providing services to us, or health insurance coverage to additional employees, and as a result increases our costs and expenses. Any changes in the laws or regulations described above that are adverse to us could affect our operating and financial performance. In addition, new regulations are proposed from time to time which, if adopted, could have a material adverse effect on our operating results and financial condition.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

As discussed in Note 12 to Item 1 in Part I above, on July 16, 2015, the Partnership issued 145,056 common units to CST in connection with the amount incurred for the three months ended June 30, 2015 under the terms of the Amended Omnibus Agreement. This issuance of the common units was made in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended.

Item 4. MINE SAFETY DISCLOSURES

None.

Item 6. Exhibits

Exhibit No.	Description
2.1	Fuel Supply Contribution Agreement, dated as of June 15, 2015, by and among CST Brands, Inc., CST Services, LLC and CrossAmerica Partners LP (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on June 15, 2015)
2.2	Real Estate Contribution Agreement, dated as of June 15, 2015, by and among CST Brands, Inc., CST Diamond Holdings LLC, Big Diamond, LLC, Skipper Beverage Company, LLC, CST Shamrock Stations, Inc., CST Arizona Stations, Inc., CrossAmerica Partners LP and Lehigh Gas Wholesale Services, Inc. (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on June 15, 2015)
2.3*	Master Lease Agreement, dated October 1, 2014, by and among Lehigh Gas Wholesale Services, Inc., as Landlord, and CAPL Operations I, LLC and CST Services LLC, as Tenants, as subsequently amended by Amendment to Master Lease Agreement, dated April 13, 2015, and Second Amendment to Master Lease Agreement, dated June 15, 2015
2.4*	Form of Addendum to Master Lease Agreement
2.5*	Fuel Distribution Agreement, dated January 1, 2015, by and among CST Marketing and Supply LLC, and certain subsidiaries of CST Services LLC
10.1*	Form of Lehigh Gas Partners LP 2012 Incentive Award Plan Award Agreement for Phantom Units for Executive Officers with distribution equivalent rights
31.1*	Certification of Principal Executive Officer of CrossAmerica GP LLC as required by Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2*	Certification of Principal Financial Officer of CrossAmerica GP LLC as required by Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1†	Certification of Principal Executive Officer of CrossAmerica GP LLC pursuant to 18 U.S.C. §1350
32.2†	Certification of Principal Financial Officer of CrossAmerica GP LLC pursuant to 18 U.S.C. §1350
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

† Not considered to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

SIGNATURE

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 thereunto duly authorized.

CROSSAMERICA PARTNERS LP

By: CrossAmerica GP LLC
its general partner

/s/ Clayton E. Killinger

By: Clayton E. Killinger
Title: Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Date: August 7, 2015

MASTER LEASE AGREEMENT

THIS MASTER LEASE AND AGREEMENT (the “**Lease**”) is made and entered into effective as of the 1st day of October, 2014, by and between the Landlord(s), as identified on Schedule A, attached to this Lease, having their principal office at 645 W. Hamilton Street, Suite 500, Allentown, PA 18101 (“**Landlord**”) and the Tenant(s), as identified on Schedule A, attached to this Lease, having their principal office at One Valero Way, Building D, Suite 200, San Antonio, TX 78249 (“**Tenant**”).

W I T N E S S E T H:

WHEREAS, Landlord or Landlord’s affiliate is the owner of fee simple title to certain real property as is more fully described in Schedule A attached hereto (the “**Land**”) upon which a building has been constructed, together with related site improvements including: (i) the Storage Tank System as defined in Section 4.5 of this Lease, (ii) canopies on the pump islands, and (iii) the car wash, if any, located in, on or under the Land, (collectively, the “**Improvements**”) (the Land and the Improvements, together with all licenses, rights, privileges and easements appurtenant thereto shall be collectively referred to herein as the “**Premises**”);

WHEREAS, simultaneously with the date of this Lease, Tenant or Tenant’s affiliate has entered into a Fuel Distribution Agreement with a company affiliated with the Landlord; and

WHEREAS, Tenant desires to lease from Landlord, and Landlord has agreed to lease to Tenant, the Premises upon which Tenant will operate a convenience store and sell motor fuel products, on the terms and conditions as are more particularly hereinafter provided and described;

NOW, THEREFORE, for and in consideration of the premises hereof, the sums of money to be paid hereunder, and the mutual and reciprocal obligations undertaken herein, the parties hereto do hereby covenant, stipulate and agree as follows:

ARTICLE I. AGREEMENT TO LEASE

1.1 Demise. Landlord does hereby demise, let and lease unto Tenant, and Tenant does hereby hire, lease and take as Tenant from Landlord the entire Premises upon those terms and conditions hereinafter set forth.

1.2 Condition. Tenant acknowledges and agrees that the Premises is and shall be leased by Landlord to Tenant in its present “as is” condition and that Landlord makes absolutely no representations or warranties whatsoever with respect to the Premises or the condition thereof. Tenant acknowledges that Landlord has not investigated and does not warrant or represent to Tenant that the Premises is fit for the purposes intended by Tenant or for any other purpose or purposes whatsoever, and Tenant acknowledges that the Premises is to be leased to Tenant in its existing condition, i.e., “as-is”, on and as of the Rental Commencement Date (as defined in Section 2.2 hereof). Tenant acknowledges that Tenant shall be solely responsible for any and all actions, repairs, permits, approvals and costs required for the rehabilitation, renovation, use, occupancy and operation of the Premises in accordance with applicable governmental requirements, including, without limitation, all governmental charges and fees, if any, which may be due or payable to applicable authorities. Tenant agrees that, by leasing the Premises, Tenant warrants and represents that Tenant has examined and approved all things concerning the Premises which Tenant deems material to

Tenant's leasing and use of the Premises. Tenant further acknowledges and agrees that (a) neither Landlord nor any agent of Landlord has made any representation or warranty, express or implied, concerning the Premises or which have induced Tenant to execute this Lease except as contained in this Lease, and (b) any other representations and warranties are expressly disclaimed by Landlord.

1.3 Quiet Enjoyment. Landlord covenants and agrees that so long as Tenant shall timely pay all rents due to Landlord from Tenant hereunder and keep, observe and perform all covenants, promises and agreements on Tenant's part to be kept, observed and performed hereunder, Tenant shall and may peacefully and quietly have, hold and occupy the Premises free of any interference from Landlord; subject, however, and nevertheless to the terms, provisions and conditions of this Lease.

ARTICLE II. TERM

2.1 Term. The initial term of this Lease (the "**Initial Term**") shall, unless sooner terminated as elsewhere provided in this Lease, commence on the Rental Commencement Date for the subject Premises as set forth on Schedule A attached hereto and shall terminate and expire at 11:59 p.m. on the date immediately preceding the tenth (10th) anniversary of the Rental Commencement Date. The Initial Term, together with any properly exercised Renewal Period (defined in Section 2.3 below) shall be collectively referred to herein as the "**Term**".

2.2 Rental Commencement Date. For the purposes of this Lease, (the "**Rental Commencement Date**") shall be the date set forth for such Premises as is more fully described and agreed to on Schedule A hereto.

2.3 Renewal. This Lease shall renew automatically beyond the Initial Term for the applicable Premises for additional successive periods of five (5) years each (individually, a "**Renewal Period**"), upon the same terms, covenants, conditions and rental as set forth herein, unless either party gives written notice to the other party not less than one hundred and eighty (180) days prior to the expiration of the Initial Term of this Lease or expiration of the then current Renewal Period, as applicable. Notwithstanding the foregoing, the Term of the Lease shall not be extended if, at the time of commencement of a Renewal Period, an Event of Default as to the subject Premises has occurred and is continuing. If the Lease is not extended for the subject Premises pursuant to the preceding sentence for an additional Renewal Period, all remaining rights of renewal for the subject Premises shall automatically expire.

2.4 Termination or Cancellation. Notwithstanding any present or future law to the contrary, the Lease may be terminated by Tenant or cancelled by the Landlord for any reason upon one hundred and eighty (180) days written notice to the other. Upon termination by Tenant or cancellation by Landlord, the Parties agree to engage in good faith discussions to reach agreement on the amount owed, if any, as a result of the termination or cancellation of the lease prior to the expiration of the applicable Term thereof.

ARTICLE II. RENT

3.1 Base Rent. Beginning on the Rental Commencement Date, and subject to proration as set forth below, Tenant shall pay annual base rent for the Premises during the Initial Term in equal monthly installments as set forth on Schedule A ("**Base Rent**"), together with any sales and use taxes thereon, if any are ever imposed in the State where the Premises is located. Such Base Rent shall be paid in advance, on

the first (1st) day of each calendar month commencing on the first (1st) day of the calendar month immediately following the Rental Commencement Date, it being agreed that Base Rent payable with respect to the period between the Rental Commencement Date and the first day of the following calendar month shall be due at the time that the first payment of Base Rent is due.

For the purposes of this Lease, the term “**Lease Year**” shall mean and be defined as each twelve month period commencing on the first day of the calendar month immediately following the Rental Commencement Date; provided, however, that the first Lease Year shall include the period from the Rental Commencement Date to the first day of the next following calendar month after the Rental Commencement Date. Base Rent shall be proportionately prorated for any extended or partial Lease Year (i.e., the first Lease Year and/or the final Lease Year).

3.2 Rent Increases. The Base Rent during the Term shall be calculated as follows:

a. The Base Rent during the first Renewal Period shall be increased on the first day of the first Renewal Period by ten percent (10%).

b. The Base Rent during each subsequent Renewal Period shall be increased on the first day of each subsequent Renewal Period by five percent (5%).

3.3 Additional Rent; Rent Defined. If Landlord shall make any expenditure for which Tenant is responsible or liable under this Lease, or if Tenant shall become obligated to Landlord under this Lease for any sum other than Base Rent or as hereinabove provided, the amount thereof shall be deemed to constitute additional rent (“**Additional Rent**”) and shall be due and payable by Tenant to Landlord, together with all applicable sales taxes thereon, if any, simultaneously with the next succeeding monthly installment of Base Rent for the subject Premises or at such other time as may be expressly provided in this Lease for the payment of the same.

For the purpose of this Lease, the term “**Rent**” shall mean and be defined as all Base Rent and Additional Rent due from Tenant to Landlord hereunder for the subject Premises.

3.4 Payment of Rent. Each of the foregoing amounts of Rent and other sums shall be paid to Landlord without demand and without deduction, set-off, claim or counterclaim of any nature whatsoever which Tenant may have or allege to have against Landlord, and all such payments shall, upon receipt by Landlord, be and remain the sole and absolute property of Landlord. All such Rent and other sums shall be paid to Landlord in legal tender of the United States at the address to which notices to Landlord are to be given or to such other party or to such other address as Landlord may designate from time to time by written notice to Tenant. If Landlord shall at any time accept any such Rent or other sums after the same shall become due and payable, such acceptance shall not excuse a delay upon subsequent occasions, or constitute or be construed as a waiver of any of Landlord’s rights hereunder. At the request of Landlord, Tenant shall pay Base Rent and any Additional Rent hereunder by electronic funds transfer or by wire, provided Landlord provides to Tenant appropriate wire instructions or electronic transfer instructions.

3.5 Past Due Rent. If Tenant fails to make any payment of Rent or any other sums or amounts to be paid by Tenant within ten (10) days after the date on which Landlord delivers written notice to the Tenant that such payment is due and payable, Tenant shall pay to Landlord an administrative late charge of two and one-half percent (2.5%) of the amount of such payment. In addition, any past due payment of Rent shall bear interest from the date such payment became due to the date of payment thereof by Tenant at a rate which is equal to the lesser of (i) twelve percent (12%) per annum, or (ii) the maximum interest rate then allowable under the laws of the State in which the Premises is located. Such late charge and interest shall constitute Additional Rent and shall be due and payable with the next installment of Rent due hereunder.

3.6 No Diminution or Abatement of Rent. No abatement, diminution or reduction (i) of Rent, charges or other compensation, or (ii) of Tenant's other obligations hereunder shall be allowed to Tenant or any person claiming under Tenant, under any circumstances or for any reason whatsoever, except as expressly provided otherwise herein.

ARTICLE IV. USE AND OPERATION OF PREMISES

4.1 Permitted Use. Tenant covenants that it shall, throughout the Term of this Lease, use and occupy the Premises only for lawful purposes which do not conflict with covenants, restrictions or other matters of record affecting title to the Premises; notwithstanding the foregoing provision however, the following uses shall be prohibited on the Premises:

(a) Any obnoxious odor, noise or sound which can be heard or smelled outside of the Building, provided that any usual paging system shall be allowed and further provided that typical restaurant odors shall not be deemed prohibited hereby if such restaurant facilities have been properly constructed and maintained so as not to pollute.

(b) Any operation primarily used as a warehouse operation and any assembling, manufacturing, distilling, refining, smelting, agricultural or mining operation.

(c) Any mobile home, trailer court, labor camp, junk yard or stock yard (except that this provision shall not prohibit the temporary use of construction trailers during periods of construction, reconstruction or maintenance).

(d) Any dumping, disposing, incineration or reduction of garbage (exclusive of garbage compactors located in the rear or side of any building).

(e) Any establishment which has as its principal business the selling or exhibiting of pornographic materials, including, without limitation any adult book or film store and any adult entertainment nightclub.

(f) Any so called "head shop" engaged primarily in the sale of rolling paper and other drug paraphernalia.

4.2 Reserved.

4.3 Compliance With Laws. Tenant shall at all times keep and maintain the Premises in compliance with all applicable laws, ordinances, statutes, rules, regulations, orders, directions and requirements of all federal, state, county and municipal governments and of all other governmental agencies or authorities having or claiming jurisdiction over the Premises or the business activities conducted thereon or therein and of all of their respective departments, bureaus, agencies or officers, and of any insurance underwriting board or insurance inspection bureau having or claiming such jurisdiction or any other body exercising similar functions and of all insurance companies from time to time selected by Tenant to write policies of insurance covering the Premises and any business or business activity conducted thereon or therein. However, notwithstanding the foregoing, should there be a de minimis issue of non-compliance with applicable law which does not have a material adverse effect on the Premises, Tenant shall not be obligated to correct such de minimis violation but Tenant shall have the indemnity obligations set forth in Section 18.2 with respect to any such de minimis violation, including indemnity against any fines or penalties imposed against the Premises as a result of such de minimis violations, if any.

Notwithstanding the generality of the foregoing, but subject to the provision set forth in the last sentence of the preceding paragraph, Tenant shall, at its sole expense, maintain the Premises in full compliance with all applicable federal, state or municipal laws, ordinances, rules and regulations currently in existence or hereafter enacted or rendered governing accessibility for the disabled or handicapped, including, but not limited to, any applicable provisions of The Architectural Barriers Act of 1968, The Rehabilitation Act of 1973, The Americans With Disabilities Act, the accessibility code(s), if any, of the State in which the Premises is located, and all regulations and guidelines promulgated under any of the foregoing, as the same may be amended from time to time (collectively the "**Accessibility Laws**").

4.4 Compliance With Restrictions, Etc. Tenant, at its expense, shall comply with all restrictive covenants or other title exceptions affecting the Premises and comply with and perform all of the obligations set forth therein to the extent that the same are applicable to the Premises or to the extent that the same, if not complied with or performed, would impair or prevent the continued use, occupancy and operation of the Premises. Further, in addition to Tenant's payment obligations under this Lease, Tenant shall pay (i) all sums charged, levied or assessed under any restrictive covenants, declaration, reciprocal easement agreement or other title exceptions affecting the Premises promptly as the same become due and shall furnish Landlord evidence of payment thereof, and (ii) any fees, charges, fines, costs, assessments, taxes, demands, orders, directives, or other requirements by any governmental agency asserting jurisdiction, or under any Environmental Laws which arise from or relate to Tenant's use of, or Tenant's activities at, the Premises, including, but not limited to, Storage Tank System registration fees, any applicable fees, and any consultant or attorneys' fees related to or arising under any Environmental Laws.

4.5 Hazardous Materials and Sewage.

(a) Definitions. The following terms shall have the following meanings:

i. “**De Minimis Release**” shall mean a Release which is (i) not reportable under any governmental authority under any applicable Environmental Laws, or (ii) not above action levels established by the applicable State environmental agency.

ii. “**Environmental Laws**” shall mean all applicable federal, state, and local government laws (including common law), rules, regulations, statutes, codes, ordinances, directives, guidance documents, cleanup or other standards, and any other governmental requirements or standards which pertain to, regulate, or impose liability or standards of conduct concerning the use, storage, human exposure to, handling, transportation, release, cleanup or disposal of Hazardous Materials.

iii. “**Hazardous Materials**” shall mean and be defined as any and all toxic or hazardous substances, chemicals, materials or pollutants, of any kind or nature, which are regulated, governed, restricted or prohibited by any federal, state or local law, decision, statute, rule, or ordinance currently in existence or hereafter enacted or rendered, and shall include (without limitation), all oil, gasoline and petroleum based substances.

iv. “**Material Release**” shall mean any Release other than a De Minimis Release.

v. “**Pre-Existing Environmental Condition**” means presence of: (i) Hazardous Materials in soil, groundwater or surface water on or about the Premises which first existed or first occurred prior to the Rental Commencement Date; or (ii) any other environmental condition which first existed or first occurred prior to the Rental Commencement Date.

vi. “**Release**” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment any Hazardous Materials on, over, under, from or affecting the Premises or the air, soil, water vegetation, buildings, personal property, persons or animals thereon, whether occurring before or during the Term of this Lease.

vii. “**Storage Tank System**” means a complex of one or more underground or aboveground storage tanks and their associated underground, above ground, and/or connected piping and related fuel dispensing, pumping, mechanical, control and detectional equipment, as more particularly located on the Land.

(b) Environmental Compliance. Tenant shall comply with all laws, including Environmental Laws, relating to the use, storage, transportation, dispensing, sale or Release of Hazardous Materials at the Premises, except for any noncompliance of a de minimis nature or for which the result of noncompliance would not have a material adverse effect on the Premises. Without limiting the foregoing, Tenant shall comply with all laws, including Environmental Laws, relating to Storage Tank Systems, their construction, operation, maintenance, calibration and alarm systems, and promptly shall implement any and all upgrade requirements promulgated by any government agency having jurisdiction at the earliest possible time, but, in no event, no later than any applicable deadline announced or promulgated by the government agency. Tenant shall not intentionally Release, and shall use commercially reasonable efforts to prevent any employee, contractor, agent, sublessee, invitee or licensee from Releasing, any Hazardous Materials on the Premises, into the air or the surrounding land, surface water or ground water; provided, however, a De Minimis Release on the Premises shall not be a violation of or a default of Tenant under the Lease (but Tenant shall have the remediation and indemnity obligations set forth in Section 4.5(c) and 4.5(d) below). Tenant shall provide Landlord with copies of all reports, studies, complaints, claims, directives, citations, demands, inquiries, notices of violation, or orders relating to Hazardous Materials at or emanating from or to the

Premises, at any time, or any alleged non-compliance with Environmental Laws at the Premises, reasonably promptly (and in no event later than fifteen (15) days) after such documents are provided to or generated by Tenant. Tenant also shall notify Landlord of any Material Release of Hazardous Materials at, on, under or from the Premises promptly upon notification of Tenant thereof, and promptly shall abate and remove any such Releases as required in this Article IV. A Material Release in and of itself shall not be a violation of or a default under this Lease, unless such Material Release shall result from the intentional acts of Tenant or from Tenant's failure to use commercially reasonable efforts to prevent any employee, contractor, agent, lessee, invitee or licensee from Releasing, any Hazardous Materials on the Premises, into the air or the surrounding land, surface water or ground water; provided, however, Tenant's failure to respond or take action after a Material Release as otherwise required in this Lease shall be a default hereunder. Any fuel spills immediately shall be removed and cleaned up using absorbent or other appropriate materials. All reporting, investigation and/or remediation requirements under any Environmental Law with respect to any and all Releases of Hazardous Materials at, on, from or near the Premises are the responsibility of Tenant.

(c) Tenant's Responsibility for Hazardous Materials. Hazardous Materials at the Premises shall be the responsibility of Tenant and Tenant shall be liable for and responsible for such Hazardous Materials, including without limitation, at Tenant's sole cost (i) any Pre-Existing Environmental Condition (provided, however, that Tenant represents that, based on the environmental information in Tenant's files, there are no known Pre-Existing Environmental Conditions on the date of this Lease, and, based on such information, the possibility of such a Pre-Existing Environmental Condition is remote); (ii) permitting, reporting, assessment, testing, investigation, treatment, removal, remediation, transportation and disposal of such Hazardous Materials as directed by any governmental agency, as required by Environmental Laws; (iii) damages, costs, expenditures and claims for injury to persons, property, the Premises and surrounding air, land, surface water, and ground water resulting from such Hazardous Materials; (iv) claims by any governmental agency or third party associated with injury to surrounding air, land, surface water and ground water or other damage resulting from such Hazardous Materials; (v) damages for injury to the buildings, fixtures, appurtenances, equipment and other personal property of Landlord to the extent caused by such Hazardous Materials; (vi) fines, costs, fees, assessments, taxes, demands, orders, directives or any other requirements imposed in any manner by any governmental agency asserting jurisdiction, or under any Environmental Laws with respect to such Hazardous Materials; (vii) damages, costs and expenditures for injury to natural resources to the extent caused by such Hazardous Materials as directed by any governmental agency or otherwise as required by applicable law, including Environmental Laws; (viii) compliance with Environmental Laws regarding the use, storage, transportation, release, disposal, dispensing or sale of Hazardous Materials; and (ix) any other liability or obligation related to such Hazardous Materials. Except as otherwise provided in Section 4.5(f) below, Landlord is not required to incur any costs, fees (including attorney, consultant and expert witness fees) or expenses for environmental compliance, testing, investigation, assessment, remediation or cleanup relating to Hazardous Materials, and should Landlord incur any such reasonable costs, expenses or fees relating to Hazardous Materials at the Premises or surrounding lands or surface water or ground water, Tenant shall promptly reimburse Landlord for said costs, expenses or fees (except to the extent such costs, fees or expenses arise from other property owned by Landlord, if any).

(d) Tenant's Environmental Indemnification. Tenant shall indemnify, defend, and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space of the Premises, and sums paid in settlement of claims, attorneys' fees, consultation fees, and expert fees) which arise before, or during, the term of the Lease as a result of Hazardous Materials (provided, however, that Tenant represents that, based on the environmental information in Tenant's files, there are no known Pre-Existing Environmental Conditions on the date of this Lease, and, based on such information, the possibility of such a Pre-Existing Environmental Condition is remote). This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation or site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Materials present in the soil or ground water on or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises results in any contamination of the Premises, Tenant shall promptly take all actions at its sole expense as are recommended by environmental consultants of Tenant and are necessary to return the Premises to the condition required by the appropriate governmental authority; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises. Should Tenant obtain a "no further action" closure letter or similar evidence of the completion of remediation from the applicable State environmental agency (an "**NFA Letter**") Tenant shall have no obligation to further remediate the Premises, but Tenant shall continue to indemnify, defend and hold harmless Landlord from any claims, judgments, damages, penalties, fines, costs, liabilities, or losses as more particularly set forth in the beginning of this paragraph. Notwithstanding the foregoing, as more particularly provided for in Section 4.6(b), upon the end of the Lease Term, should Tenant obtain an NFA Letter, Tenant's indemnity obligations under this subsection shall be modified as more particularly set forth in Section 4.6(b).

(e) Tenant's Notification Obligation. Tenant promptly shall notify Landlord of any of the following: (i) any correspondence or communication from any governmental entity regarding the application of Environmental Laws to the Premises or Tenant's operation of the Premises, if such communication would enlarge or materially change or has the potential to materially change Tenant's or Landlord's obligations or liabilities under the Environmental Laws; (ii) any correspondence, communication or notifications as are required by either the Federal or State Emergency Planning and Community Right to Know Acts if such communication would enlarge or materially change or has the potential to materially change Tenant's or Landlord's obligations or liabilities under the Environmental Laws; (iii) any material change in Tenant's operations on the Premises that will enlarge or materially change or has the potential to materially change Tenant's obligations or liabilities under the Environmental Laws; (iv) any Material Release or suspected Material Releases of any and all Hazardous Materials at, from or near the Premises. In addition, within thirty (30) days of Landlord's written request, Tenant shall provide to Landlord a copy of Tenant's "**Leaseback Environmental Status Report**" or a similar report if such report is no longer created by Tenant, which describes all testing and test results of the Premises during the prior year. Such request of Tenant shall not be made by Landlord more than twice in any calendar year.

(f) Landlord's Right of Entry. If there has been a Material Release, at Landlord's sole expense and sole discretion, Landlord may enter upon the Premises (without interfering with Tenant's business and operations on the Premises) and make any inspection, tests, borings, measurements, investigation or assessment Landlord deems necessary in the exercise of its reasonable judgment in order to determine the presence of Hazardous Materials. Provided, however, that Landlord shall not conduct any soil borings or other invasive testing procedures unless there has been a Material Release or Landlord has a reasonable basis to suspect there has been a Material Release on the Premises. Landlord shall select a qualified environmental consultant to complete such tasks and shall not conduct any such inspections or other activities described herein without consulting and coordinating such efforts with the Tenant's environmental team. Nothing herein shall be deemed to require Landlord to conduct any such testing, measurement, investigation or assessment. Landlord shall give Tenant a minimum of five (5) days written notice prior to conducting any such inspection, tests, borings, measurements, investigation or assessment, so that Tenant may have the opportunity to be present and to receive split test samples and/or to observe such testing. Landlord agrees to consult with and coordinate such actions with Tenant's environmental team. In conducting any such inspections, and testing, Landlord shall not unduly interrupt or interfere with the conduct of Tenant's business. Notwithstanding any other provisions of this Lease to the contrary, Landlord shall be solely responsible for any costs, claims, damages, expenses or liabilities that arise as a result of Landlord's inspections and testing to the extent attributable to the negligence or misconduct of Landlord or Landlord's agents. Provided, however, no notice from Landlord to Tenant shall be required under urgent or emergency conditions. Tenant shall be provided with a copy of each report setting forth the results of any test performed by Landlord promptly upon receipt. Landlord's right of entry and inspection shall include the right to inspect Tenant's records required to be maintained pursuant to Environmental Laws.

(g) Tenant's Environmental Records. Landlord shall have the right to require Tenant to provide to Landlord access to Tenant's file with respect to environmental matters affecting the Premises upon two (2) business days prior written notice. Upon such request, not to be made more than once in any calendar year, Tenant shall provide a copy of all new correspondence, reports and other written material in Tenant's environmental file for the Premises.

4.6 Resolution of Environmental Matters at Expiration or Termination of Tenancy.

a. Tenancy Close-Out Environmental Assessment and Report. Not later than (i) thirty (30) days prior to the expiration of the Lease or (ii) ninety (90) days after an earlier termination of the tenancy, whichever may apply, Tenant shall submit to the Landlord (i) a copy of all of Tenant's records relating to obligations under this Article IV, and (ii) a report of any environmental assessment pursuant to ASTM and/or prevailing industry standards, conducted by a qualified, and adequately insured consultant firm, to (1) identify and assess the presence of Hazardous Materials on, in, at, and, where information indicates migration of Hazardous Materials off site and it is practical to do so, off site of the Premises; (2) provide all records relating to the determination of the integrity and tightness of all Storage Tank Systems on the Premises; and (3) determine any remedial actions or pending regulatory obligations needed to comply with Environmental Laws or restore the Premises as set forth in this Section 4.6. Tenant shall update and supplement such report as needed through the date of the end of the tenancy to reflect any change in conditions or new information pertaining to the methodology or findings of the report. Tenant shall not be in default under this Lease for failure to complete the matters in this paragraph if Tenant is actively and diligently pursuing such matters.

b. Remedial and Corrective Actions; Closure of Storage Tank Systems: Not later than (i) the expiration of the Lease, (ii) six (6) months after the earlier termination of the Lease, or (iii) such longer time as is approved in writing by the applicable governmental authorities, if any is required, or as may be necessary to complete such corrective action in compliance with such governmental authorities, and in any event, as consented to by Landlord, which consent shall not be unreasonably withheld, Tenant shall provide Landlord with written evidence and assurances that, as of the date of the end of the tenancy, or as soon as reasonably practicable thereafter, the Premises and any Storage Tank Systems left at the Premises comply (or will comply if any remediation is required) with all Environmental Laws and, where applicable, any required regulatory closures or NFA Letter have been obtained. Upon delivery of the evidence required hereunder, Tenant shall no longer have any indemnity obligations under this Lease with respect to any new suit or claim brought against Landlord or the Premises after the end of the Term regarding any Release that occurred on the Premises during the Term.

4.7 Right to Contest. Tenant may, at its sole cost and expense, contest, or cause to be contested, by appropriate legal proceedings conducted in good faith and with due diligence, the application of laws, ordinances, statutes or regulations to the Premises, including the application of Environmental Laws to the Premises, provided Tenant indemnifies and holds Landlord harmless from any expenses (including reasonable attorney's fees) or liability arising out of such contest, and posts any bond or security required by law in connection with such contest.

4.8 Sewage. Tenant shall not discharge or permit to be discharged from the Premises any sewage other than that which is normal waste water for the business conducted by Tenant on, in or from the Premises. Any sewage which is produced or generated in connection with the use or operation of the Premises shall be handled and disposed of by Tenant as required by and in compliance with all applicable local, state and federal laws, ordinances and rules or regulations.

4.9 Survival. The provisions of this Article IV shall survive expiration or termination of the tenancy but nothing herein shall obligate Tenant for any environmental conditions first existing on the Premises after the date of expiration or termination of Tenant's tenancy hereunder.

ARTICLE V.
TAXES AND ASSESSMENTS

5.1 Real Estate Taxes and Assessments. From and after the Rental Commencement Date and continuing throughout the Term of this Lease, Tenant's obligations with respect to Real Estate Taxes (as hereinafter defined) shall be as follows:

(a) As used herein, "**Real Estate Taxes**" shall mean all taxes, assessments and other governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary, and each and every installment thereof which during the Term hereof or prior to the Term of the Lease shall be or have been charged, laid, levied, assessed, or imposed upon, or arise in connection with, the use, occupancy or possession of the Premises or any part thereof, including, without limitation, ad valorem real and personal property taxes, and all taxes charged, laid, levied, assessed or imposed in lieu of or in addition to any of the foregoing by virtue of all present or future laws, ordinances, requirements, orders, directions, rules or regulations of federal, state, county and municipal governments and of all other governmental authorities whatsoever.

(b) Tenant shall pay directly to the taxing authorities all Real Estate Taxes on or before the date such Real Estate Taxes are due and payable. Landlord, with Tenant's cooperation, shall cause the taxing authorities to deliver all bills for Real Estate Taxes directly to Tenant but should any taxing authority refuse to deliver a tax bill directly to Tenant, Landlord shall deliver said tax bill to Tenant no later than twenty (20) days after receipt from the taxing authority. Upon written request from Landlord, Tenant shall deliver to Landlord evidence of the payment of the Real Estate Taxes for the calendar year no later than twenty (20) days after the date Tenant has paid the Real Estate Taxes.

(c) Reserved.

(d) Landlord agrees that Tenant has the first right to manage and conduct all negotiations of the Real Estate Taxes and shall also have the right to contest the validity or the amount of any Real Estate Taxes by such appellate or other proceedings as may be appropriate in the jurisdiction, and may, if applicable, defer payment of such obligations if payment would operate as a bar to such contest, and, if applicable, pay same under protest, or take such other steps as Tenant may deem appropriate, provided, however, that Tenant indemnifies Landlord from any expense (including reasonable attorney's fees) or liability arising out of such contest, pursues such contest in good faith and with due diligence, posts any bond or security required by law in connection with such contest, gives Landlord written notice of its intention to contest, and takes no action which shall cause or allow the institution of any foreclosure proceedings or similar action against the Premises. Landlord shall, at Tenant's expense, cooperate in the institution and prosecution of any such proceedings initiated by Tenant, if so requested by Tenant, and shall execute any documents which Landlord may reasonably be required to execute and shall make any appearances which Landlord may reasonably be required to make in connection with such proceedings. Further provided, that if Landlord receives any letters or communications from any taxing entity regarding the purchase price of the Premises paid by Landlord, or any other purchaser, or any request or information regarding the appraisal of the Premises, Landlord shall promptly forward such communications to Tenant for Tenant to respond. Landlord agrees not to respond directly to such requests, but rather to forward all such requests to Tenant.

(e) If Tenant elects not to institute proceedings to contest the validity or the amount of any Real Estate Taxes, Landlord may do so, after giving Tenant fifteen (15) days prior written notice, and Tenant shall cooperate and shall make any appearances which Tenant may reasonably be required to make in such proceedings but shall not be obligated to incur any expense in connection therewith; provided, however, that Landlord pursues such contest in good faith and with due diligence and Landlord shall take no action which shall cause or allow the institution of any foreclosure proceedings or similar action against the Premises which might result in the termination of this Lease.

(f) Should any of the proceedings referred to in the preceding two paragraphs (d) and (e) of this Section 5.1 result in reducing the total annual Real Estate Taxes, Tenant shall be entitled to receive all refunds by the taxing authorities attributable to the Premises for any period for which Tenant has paid Real Estate Taxes after deducting therefrom payment of all of the reasonable expenses incurred by Landlord and Tenant, if any, incurred in any such proceeding in which a refund is paid. If no refund shall be secured in any such proceeding, the party instituting the proceeding shall bear the entire cost, or if Landlord institutes the proceeding at Tenant's request, Tenant shall bear the entire cost.

(g) Except for Real Estate Taxes, nothing in this Article V shall require Tenant to pay or reimburse Landlord for the payment of (i) any income, profit, inheritance, estate, succession, gift, franchise, margin or transfer taxes which are or may be imposed upon Landlord, its successors or assigns, by whatever authority imposed or however designated, (ii) any tax imposed upon the sale of all or a part of the Premises by Landlord, or (iii) any tax, assessment, charge or levy imposed or levied upon or assessed against any property of Landlord other than the Premises or any income to, or business activity of, Landlord not in connection with the Premises. Nothing herein shall require Tenant to pay or reimburse Landlord for the payment of any tax if Tenant's payment of such tax or reimbursement of Landlord for the payment of such tax would violate any applicable law.

(h) Tenant shall pay and discharge, when due, all taxes assessed during the Term of this Lease against any leasehold interest or personal property of any kind owned by or placed in the Premises by Tenant. In addition to the Rent and any other sums or amounts required to be paid by Tenant to Landlord pursuant to the provisions of this Lease, Tenant shall also pay to Landlord, simultaneously with such payment of such Rent or other sums or amounts, the amount of any applicable sales, use or excise tax on any such Rent or other sums or amounts so paid by Tenant to Landlord, whether the same be levied, imposed or assessed by the State in which the Premises is located or any other federal, state, county or municipal governmental entity or agency. Any such sales, use or excise taxes shall be paid by Tenant to Landlord at the same time that each of the amounts with respect to which such taxes are payable are paid by Tenant to Landlord.

ARTICLE VI.
UTILITIES

From and after the Rental Commencement Date Tenant shall be liable for and shall pay directly all charges, rents and fees (together with any applicable taxes or assessments thereon) when due for water, gas, electricity, air conditioning, heat, septic, sewer, refuse collection, telephone and any other utility charges or similar items in connection with the use or occupancy of the Premises during the Term of this Lease. From and after the Rental Commencement Date Landlord shall not be responsible or liable in any way whatsoever for the impairment, interruption, stoppage, or other interference with any utility services to the Premises not caused by Landlord, its agents, employees, contractors or licensees. In any event no interruption, termination or cessation of utility services to the Premises shall relieve Tenant of its duties and obligations pursuant to this Lease, including, without limitation, its obligation to pay all Rent as and when the same shall be due hereunder.

ARTICLE VII.
RESERVED

ARTICLE VIII.
RESERVED

ARTICLE IX.
ADDITIONS, ALTERATIONS AND REMOVALS

9.1 Prohibition. Except as hereinafter expressly provided in Section 9.2, no portion of the Premises shall be demolished, removed, modified or altered by Tenant in any manner whatsoever.

9.2 Permitted Renovations. Tenant shall be entitled and obligated to undertake all alterations to the Premises required by any applicable law or ordinance including, without limitation, any alterations required by any Accessibility Laws. Tenant shall be entitled to make Minor Alterations, as defined herein, to the Premises without Landlord's prior consent, and without prior notice to Landlord. As used herein, "**Minor Alterations**" shall mean an alteration to the Premises the cost of which does not exceed \$250,000 and which does not decrease the value or the square footage of the Improvements. Except for Minor Alterations, Tenant shall not be entitled to make any alterations or renovations to the Premises without Landlord's consent, which shall not be unreasonably withheld. It shall be reasonable for Landlord to withhold its consent to any alteration, modification or renovation if such alteration, modification or renovation decreases the value of the Improvements or the Premises, or decreases the square footage of the Improvements. In performing any alterations or renovations to the Premises, including Minor Alterations, Tenant shall meet and comply with all of the following conditions:

(a) Before the commencement of any such alterations, Tenant shall furnish to Landlord plans and specifications therefor or a detailed itemization thereof; provided, however, for non-structural Minor Alterations Tenant shall have no obligation to deliver plans and specifications or an itemization of the work to Landlord before commencement of such work.

(b) Before the commencement of any such alterations, Tenant shall obtain the approval (if any is required) thereof by all governmental departments or authorities having or claiming jurisdiction of or over the Premises, as more particularly required by Section 4.3 hereof.

(c) Tenant represents and warrants to Landlord that all such alterations will be performed in a good and workmanlike manner, in accordance with the terms, provisions and conditions of this Lease, and for structural alterations (other than Minor Alterations), in accordance with the plans and specifications or itemization thereof approved by Landlord.

(d) Landlord shall have the right to inspect any such work at all times during normal working hours and to maintain at the Premises for that purpose (at its own expense) such inspector(s) as it may deem necessary so long as such inspections do not interfere with Tenant's work (but Landlord shall not thereby assume any responsibility for the proper completion of the alterations in accordance with the terms of this Lease, nor any liability arising from the improper performance thereof).

(e) All such alterations shall be performed at Tenant's cost and expense and free of any expense to Landlord and free of any liens on Landlord's title, as more particularly provided for in Section 15.2 hereof.

(f) Upon substantial completion of any such alterations Tenant shall procure a certificate of occupancy or other written approval, from the appropriate governmental authorities verifying the substantial completion thereof and shall provide a copy of same to Landlord, but only if such certificate of occupancy or other written approval is required by the governmental authority.

(g) Tenant shall, and hereby agrees to, indemnify and save and hold Landlord harmless from and against and reimburse Landlord for any and all loss, damage, cost and expense (including, without limitation, reasonable attorneys' fees) incurred by or asserted against Landlord which is occasioned by or results, directly or indirectly, from any construction or renovation activities conducted upon the Premises; whether or not the same is caused by or is the fault of Tenant or any contractor, subcontractor, laborer, supplier, materialman or any other third party.

9.3 Permitted Access Easements. Tenant shall be entitled to enter into reciprocal access easements between the Premises and any adjoining property; provided, however, such reciprocal access easement requires Landlord's consent which will not be unreasonably withheld.

ARTICLE X. MAINTENANCE AND REPAIRS

10.1 Repairs by Tenant. From and after the Rental Commencement Date and continuing throughout the Term of this Lease Tenant shall at all times and at its sole cost and expense, put, keep, replace and maintain the Premises (including, without limitation, the roof, plumbing systems, electric systems and HVAC systems) in good repair and in good, safe and substantial order and condition, shall make all repairs and replacements thereto, both inside and outside, structural and non-structural, ordinary and extraordinary, howsoever the necessity or desirability for repairs may occur, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise, and shall use all reasonable precautions to prevent waste, damage or injury. Tenant shall also, at its own cost and expense, put, keep, replace and maintain all landscaping, signs, sidewalks, roadways, driveways and parking areas within the Premises in good repair and in good, safe and substantial order and condition and free from dirt, standing water, rubbish and other obstructions or obstacles, ordinary wear and tear excepted.

10.2 Landlord's Obligation. Landlord shall not be required to make any alterations, reconstructions, replacements, changes, additions, improvements or repairs of any kind or nature whatsoever to the Premises or any portion thereof (including, without limitation, any portion of the Improvements) at any time during the Term of this Lease.

ARTICLE XI.
DAMAGE OR DESTRUCTION

11.1 Restoration and Repair. If, during the Term of this Lease, the Improvements shall be destroyed or damaged in whole or in part by fire, windstorm or any other cause whatsoever, Tenant shall give Landlord immediate notice thereof and shall repair, reconstruct or replace the Improvements, or the portion thereof so destroyed or damaged (whichever is reasonably required), at least to the extent of the value and character thereof existing immediately prior to such occurrence. All work shall be started as soon as practicable and completed, at Tenant's sole cost and expense. Tenant shall, however, promptly take such action as is necessary to assure that the Premises (or any portion thereof) does not constitute a nuisance or otherwise present a health or safety hazard. There shall be no abatement or reduction in Rent as a result of a casualty. Notwithstanding anything to the contrary if there is a casualty to the Premises in the last two (2) Lease Years of the Term or of the then current Renewal Term which damages the Improvements by more than twenty five percent (25%), then Tenant, at its option, may terminate this Lease, by delivering written notice of termination to Landlord within thirty (30) days of the event of casualty. All Rent shall be paid through the date of Landlord's receipt of Tenant's notice of termination. In the event of such termination, Landlord shall be entitled to any and all insurance proceeds relating to such casualty to be paid under all insurance policies to be carried under Article VIII of this Lease or any other insurance policies carried by Tenant on the Premises, or in the event Tenant has self insured pursuant to Section 8.4, then Tenant shall pay to Landlord the amount that would have been payable to Landlord had Tenant carried the insurance otherwise required by Article VIII.

11.2 Escrow of Insurance Proceeds. In the event of a casualty resulting in a loss payment for the Improvements in an amount greater than FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00), the proceeds of all insurance policies maintained by Tenant shall be deposited in Landlord's name in an escrow account at a bank or other financial institution designated by Landlord, and shall be used by Tenant for the repair, reconstruction or restoration of the Improvements. Such proceeds shall be disbursed periodically by Landlord upon certification of the architect or engineer having supervision of the work that such amounts are the amounts paid or payable for the repair, reconstruction or restoration. Tenant shall, at the time of establishment of such escrow account and from time to time thereafter until said work shall have been completed and paid for, furnish Landlord with adequate evidence that at all times the undisbursed portion of the escrowed funds, together with any funds made available by Tenant, is sufficient to pay for the repair, reconstruction or restoration in its entirety. Tenant shall obtain and make receipted bills available to Landlord and, upon completion of said work, full and final waivers of lien. Upon the final completion of the repair, reconstruction or restoration, any un-disbursed portion of the escrowed funds, plus any interest earned thereon, shall be delivered to Landlord. In the event of a casualty resulting in a loss payment for the Improvements in an amount equal to or less than the amount stated above, the proceeds shall be paid to Tenant, and shall be applied towards repair, reconstruction and restoration.

11.3 Uninsured Losses. Nothing contained herein shall relieve Tenant of its obligations under this Article XI if the destruction or damage is not covered, either in whole or in part, by insurance.

ARTICLE XII. CONDEMNATION

12.1 Complete Taking. If the whole of the Premises shall be taken or condemned for any public or quasi-public use or purpose, by right of eminent domain or by purchase in lieu thereof, or if a substantial portion of the Premises shall be so taken or condemned such that the portion or portions remaining is or are not sufficient and suitable, in the mutual reasonable judgment of Landlord and Tenant, for the continued operation of the business contemplated by this Lease to be conducted thereon, therein or therefrom so as to effectively render the Premises untenable, then this Lease and the Term hereby granted shall cease and terminate as of the date on which the condemning authority takes possession and all Rent shall be paid by Tenant to Landlord up to that date or refunded by Landlord to Tenant if Rent has previously been paid by Tenant beyond that date.

12.2 Partial Taking. If a portion of the Premises is taken, and the portion or portions remaining can, in the mutual reasonable judgment of Landlord and Tenant, be adapted and used for the conduct of Tenant's business operation, then the Tenant shall promptly restore the remaining portion or portions thereof to a condition comparable to their condition at the time of such taking or condemnation, less the portion or portions lost by the taking, and this Lease shall continue in full force and effect except that the Rent payable hereunder shall, if necessary, be equitably adjusted to take into account the portion or portions of the Premises lost by the taking.

12.3 Award. The entire award for the Premises or the portion or portions thereof so taken shall be apportioned between Landlord and Tenant as follows: (i) if this Lease terminates due to a taking or condemnation, Landlord shall be entitled to the entire award; and (ii) if this Lease does not terminate due to such taking or condemnation, Tenant shall be entitled to the award to the extent required for restoration of the Premises, and Landlord shall be entitled to the balance of the award not applied to restoration. If this Lease does not terminate due to a taking or condemnation, Tenant shall, with due diligence, restore the remaining portion or portions of the Premises in the manner hereinabove provided. In such event, if the proceeds of the award to be applied to restoration exceed \$500,000.00, then the proceeds of the award to be applied to restoration shall be deposited with a bank or financial institution designated by Landlord as if such award were insurance proceeds, and the amount so deposited will thereafter be treated in the same manner as insurance proceeds are to be treated under Section 11.2 of this Lease until the restoration has been completed and Tenant has been reimbursed for all the costs and expenses thereof. Upon the final completion of the repair, reconstruction or restoration, any funds in such account, together with any interest earned thereon, shall be delivered to Landlord. If the award is insufficient to pay for the restoration, Tenant shall be responsible for the remaining cost and expense of such restoration.

12.4 Disputes. If Landlord and Tenant cannot agree in respect of any matters to be determined under this Article XII, a determination shall be requested of the court having jurisdiction over the taking or condemnation; provided, however, that if said court will not accept such matters for determination, either party may have the matters determined by a court otherwise having jurisdiction over the parties.

ARTICLE XIII.
LANDLORD'S RIGHT TO INSPECT

Landlord and its agents shall have the right to enter upon the Premises or any portion thereof at any reasonable time to inspect, by giving to Tenant two (2) business days prior written notice, the operation, sanitation, safety, maintenance and use of the same, or any portions of the same and to assure itself that Tenant is in full compliance with its obligations under this Lease (but Landlord shall not thereby assume any responsibility for the performance of any of Tenant's obligations hereunder, nor any liability arising from the improper performance thereof). In making any such inspections, Landlord shall not unduly interrupt or interfere with the conduct of Tenant's business. Notwithstanding any other provisions of this Lease to the contrary, Landlord shall be solely responsible for any costs, claims, damages, expenses or liabilities that arise as a result of Landlord's inspection to the extent attributable to the negligence or misconduct of Landlord or Landlord's agents.

ARTICLE XIV.
ASSIGNMENT AND SUBLETTING BY TENANT

Tenant may not assign its interest in this Lease or sublet the whole or any part of the Premises without the prior consent of Landlord, except to an affiliated or related entity or an entity under the control of Tenant provided that (i) Tenant shall deliver to Landlord a copy of the instrument(s) of assignment or sublease, and (ii) any such assignee or sublessee shall agree in writing to assume and perform all of the terms and conditions of this Lease on Tenant's part to be performed with respect to the assigned or subleased estate from and after the commencement date of such assignment or subletting. Tenant shall remain primarily liable and responsible under this Lease in the event of any such assignment or sublease and any such assignment or sublease shall not operate to release Tenant from its obligations hereunder. Any assignment of this Lease or subletting of the Premises without notification to Landlord shall not be effective as to Landlord and Landlord shall not be bound thereby until receipt of such notification. Any assignment of this Lease or subletting of the Premises for an unlawful or prohibited use or a use restricted by matters of title shall be void and of no force and effect. Landlord agrees that with regard to any sublease or other occupancy agreement entered into by Tenant on or in the Premises, so long as this Lease is in place and Tenant has not committed an Event of Default hereunder, all income from any said sublease or occupancy agreement shall belong to Tenant and Landlord hereby waives any claims with respect to the income from any sublease or any occupancy rights granted by Tenant on the Premises, which shall remain the property of Tenant. Should Tenant sublease any part of the Premises or otherwise enter into any occupancy agreements during the Term, nothing in this Lease shall obligate Landlord to recognize the rights of any subtenants or other parties in occupancy of the Premises.

ARTICLE XV.
LANDLORD'S INTEREST NOT SUBJECT TO LIENS

15.1 Liens, Generally. Tenant shall not create or cause to be imposed, claimed or filed upon the Premises, or any portion thereof, or upon the interest of Landlord therein, any lien, charge or encumbrance whatsoever. If, because of any act or omission of Tenant, any such lien, charge or encumbrance shall be imposed, claimed or filed, Tenant shall, at its sole cost and expense, cause the same to be fully paid and satisfied or otherwise discharged of record (by bonding or otherwise) and Tenant shall indemnify and save and hold Landlord harmless from and against any and all costs, liabilities, suits, penalties, claims and demands whatsoever, and from and against any and all attorneys' fees, at both trial and all appellate levels, resulting or on account thereof and therefrom. In the event that Tenant shall fail to comply with the foregoing provisions of this Section 15.1, Landlord shall have the option of paying, satisfying or otherwise discharging (by bonding or otherwise) such lien, charge or encumbrance and Tenant agrees to reimburse Landlord, upon demand and as Additional Rent, for all sums so paid and for all costs and expenses incurred by Landlord in connection therewith, together with interest thereon as provided in this Lease, until paid. The terms and conditions of this Section 15.1 shall in no way limit Tenant's right to place a lien upon any of Tenant's personalty or trade fixtures located on the Premises. In addition, Tenant shall have the unconditional right to grant mortgages (a "**Leasehold Mortgage**") covering the leasehold interest created by this Lease and in and to the Improvements and any fixtures, furnishings, machinery or equipment owned by Tenant and located therein. The following terms and provisions shall apply to any Leasehold Mortgage:

(i) Tenant may give notice to Landlord that all notices under this Lease should also be given to the holder of any Leasehold Mortgage (the "**Leasehold Mortgagee**"), and upon receipt of such notice, Landlord will copy such Leasehold Mortgagee on any notices of default sent under this Lease, at the address provided by Tenant. A Leasehold Mortgagee may, but shall not be obligated to, cure any default or perform any obligation to be performed by Tenant hereunder in the same period of time provided for Tenant to perform or cure any non-performance hereunder.

(ii) No assignment of this Lease to a Leasehold Mortgagee, or foreclosure by a Leasehold Mortgagee against Tenant's interest under this Lease or its interest in the Improvements and/or any subleases thereof, shall be deemed an assignment in violation of this Lease. Landlord agrees that any Leasehold Mortgagee who has been identified by Tenant as a Leasehold Mortgagee may notify Landlord that such Leasehold Mortgagee has succeeded to the interest of Tenant hereunder, and Landlord thereafter shall treat such Leasehold Mortgagee as the Tenant hereunder without any obligation to inquire into the validity of such Leasehold Mortgagee's right to succeed to the interest of Tenant hereunder.

15.2 Mechanics Liens. Landlord's interest in the Premises shall not be subjected to liens of any nature by reason of Tenant's construction, alteration, renovation, repair, restoration, replacement or reconstruction of any improvements on or in the Premises, or by reason of any other act or omission of Tenant (or of any person claiming by, through or under Tenant) including, but not limited to, mechanics' and materialmen's liens. All persons dealing with Tenant are hereby placed on notice that such persons shall not look to Landlord or to Landlord's credit or assets (including Landlord's interest in the Premises) for payment or satisfaction of any obligations incurred in connection with the construction, alteration, renovation, repair, restoration, replacement or reconstruction thereof by or on behalf of Tenant. Tenant has no power, right or authority to subject Landlord's interest in the Premises to any mechanic's or materialmen's lien or claim of lien. If a lien, a claim of lien or an order for the payment of money shall be imposed against the Premises on account of work performed, or alleged to have been performed, for or on behalf of Tenant, Tenant shall, within thirty (30) days after written notice of the imposition of such lien, claim or order, cause the Premises to be released therefrom by the payment of the obligation secured thereby or by furnishing a bond or by any other method prescribed or permitted by law. If a lien is released, Tenant shall thereupon establish the release

as a matter of record by recording or filing it in the appropriate office of land records of the County in which the Premises is located, and shall furnish Landlord with a copy of same.

15.3 Contest of Liens. Tenant may, at its option, contest the validity of any lien or claim of lien if Tenant shall have first posted an appropriate and sufficient bond in favor of the claimant or paid the appropriate sum into court, if permitted by law, and thereby obtained the release of the Premises from such lien. If judgment is obtained by the claimant under any lien, Tenant shall pay the same promptly after such judgment shall have become final and the time for appeal therefrom has expired without appeal having been taken. Tenant shall, at its own expense, defend the interests of Tenant and Landlord in any and all such suits; provided, however, that Landlord may, at its election, engage its own counsel and assert its own defenses, in which event Tenant shall cooperate with Landlord and make available to Landlord all information and data which Landlord deems necessary or desirable for such defense.

15.4 Notices of Commencement of Construction. If required by the laws of the State in which the Premises is located, prior to commencement by Tenant of any work on the Premises Tenant shall record or file a notice of the commencement of such work (the "Notice of Commencement") in the land records of the County in which the Premises is located, identifying Tenant as the party for whom such work is being performed, stating such other matters as may be required by law and requiring the service of copies of all notices, liens or claims of lien upon Landlord. Any such Notice of Commencement shall clearly reflect that the interest of Tenant in the Premises is that of a leasehold estate and shall also clearly reflect that the interest of Landlord as the fee simple owner of the Premises shall not be subject to mechanics or materialmen's liens on account of the work which is the subject of such Notice of Commencement. A copy of any such Notice of Commencement shall be furnished to and approved by Landlord and its attorneys prior to the recording or filing thereof, as aforesaid.

ARTICLE XVI.
SUBORDINATION, ATTORNMEN T AND NON-DISTURBANCE

16.1 Subordination. This Lease, Tenant's interest hereunder and Tenant's leasehold interest in and to the Premises are hereby agreed by Tenant to be and are hereby made junior, inferior, subordinate and subject in right, title, interest, lien, encumbrance, priority and all other respects to any mortgage or mortgages now or hereafter in force and effect upon or encumbering Landlord's interest in the Premises, or any portion thereof, and to all collateral assignments by Landlord to any third party or parties of any of Landlord's rights under this Lease or the rents, issues and profits thereof or therefrom as security for any liability or indebtedness, direct, indirect or contingent, of Landlord to such third party or parties, and to all future modifications, extensions, renewals, consolidations and replacements of, and all amendments and supplements to any such mortgage, mortgages or assignments, and upon recording of any such mortgage, mortgages or assignments, the same shall be deemed to be prior in dignity, lien and encumbrance to this Lease, Tenant's interest hereunder and Tenant's leasehold interest in and to the Premises irrespective of the dates of execution, delivery or recordation of any such mortgage, mortgages or assignments; provided, however, such subordination shall be upon the express condition that the validity of this Lease shall be recognized by the holder of any such mortgage or assignment, and that, notwithstanding any default by the Landlord with respect to such mortgage or assignment, such holder of such mortgage or assignment shall agree, pursuant to a Subordination, Non-Disturbance and Attornment Agreement in a form reasonably acceptable to lender, Landlord and Tenant that Tenant's possession and right of use under this Lease in and to the Premises shall not be disturbed by such mortgagee or ground lessor unless and until an Event of Default shall have occurred and be continuing after any applicable cure period and, as a result of such Event of Default, this Lease or Tenant's right to possession hereunder shall have been terminated in accordance with the provisions of this Lease. The foregoing subordination provisions of this Section 16.1 shall be automatic and self-operative without the necessity of

the execution of any further instrument or agreement of subordination on the part of Tenant. However, if Landlord or the holder or proposed holder of any such mortgage, mortgages or assignments shall request that Tenant execute and deliver any further instrument or agreement of subordination of this Lease, Tenant's interest hereunder or Tenant's leasehold interest in the Premises to any such mortgage, mortgages or assignments in confirmation or furtherance of or in addition to the foregoing subordination provisions of this Section 16.1, Tenant shall execute and deliver the same to the requesting party within ten (10) business days following Tenant's receipt of such a written request.

16.2 Attornment. Tenant shall and hereby agrees to attorn, and be bound under all of the terms, provisions, covenants and conditions of this Lease, to any successor of the interest of Landlord under this Lease for the balance of the Term of this Lease remaining at the time of the succession of such interest to such successor. In particular, in the event that any proceedings are brought for the foreclosure of any mortgage or security interest encumbering or collateral assignment of Landlord's interest in the Premises, or any portion thereof, Tenant shall attorn to the purchaser at any such foreclosure sale and recognize such purchaser as Landlord under this Lease, subject, however, to all of the terms and conditions of this Lease. Tenant agrees that neither the purchaser at any such foreclosure sale nor the foreclosing mortgagee or holder of such security interest or collateral assignment shall have any liability for any act or omission of Landlord, be subject to any offsets or defenses which Tenant may have as claim against Landlord, or be bound by any advance rents which may have been paid by Tenant to Landlord for more than the current period in which such rents come due.

16.3 Rights of Mortgagees and Assignees. At the time of giving any notice of default to Landlord, Tenant shall mail or deliver to the holders of any mortgage on the Premises or holder of security interest in or collateral assignment of this Lease who have, in writing, notified Tenant of their interests (individually a "**Mortgagee**") a copy of any such notice. No notice of default or termination of this Lease by Tenant shall be effective until every Mortgagee shall have been furnished a copy of such notice by Tenant. In the event Landlord fails to cure any default by it under this Lease, any Mortgagee shall have, at its option, a period of thirty (30) days within which to remedy such default of Landlord or to cause such default to be remedied. In the event that a Mortgagee elects to cure any such default by Landlord, then Tenant shall accept such performance on the part of such Mortgagee as though the same had been performed by Landlord, and for such purpose Tenant hereby authorizes any Mortgagee to enter upon the Premises to the extent necessary to exercise any of Landlord's rights, powers and duties under this Lease. If any Mortgagee promptly commences and diligently pursues to cure a default by Landlord which is reasonably capable of being cured by that Mortgagee, then Tenant will not terminate this Lease or cease to perform any of its obligations under this Lease so long as the Mortgagee is, with due diligence, engaged in the curing of such default.

ARTICLE XVII.
END OF TERM

17.1 Surrender of Premises. Tenant shall, on or before the last day of the Term of the Lease or upon the sooner termination thereof, peaceably and quietly surrender and deliver to Landlord the Premises (including, without limitation, all Improvements and all additions thereto and replacements thereof made from time to time over the Term of this Lease), in good order, condition and repair, and free and clear of all liens and encumbrances other than those which exist on the Rental Commencement Date or are otherwise specifically approved and acknowledged by Landlord in writing and free of Tenant's Personal Property. In addition, Tenant shall comply with the close out requirements of Section 4.6 of this Lease.

The provisions of this Article XVII shall survive the termination or expiration of this Lease.

17.2 Holding Over. If Tenant or any other person or party shall remain in possession of the Premises or any part thereof following the expiration of the Term or earlier termination of this Lease or should Tenant leave any of Tenant's Personal Property on the Premises, without an agreement in writing between Landlord and Tenant with respect thereto, the person or party remaining in possession shall be deemed to be a tenant at sufferance, and, during any such holdover, the Rent payable under this Lease by such tenant at sufferance shall be 150% of the rate or rates in effect immediately prior to the expiration of the Term or earlier termination of this Lease. In no event, however, shall such holding over be deemed or construed to be or constitute a renewal or extension of this Lease.

ARTICLE XVIII.
LIABILITY OF LANDLORD; INDEMNIFICATION

18.1 Liability of Landlord. Except as otherwise provided in this Lease, Landlord shall not be liable to Tenant, its employees, agents, business invitees, licensees, customers, clients, or guests for any damage, injury, loss, compensation or claim, including, but not limited to, claims for the interruption of or loss to Tenant's business, based on, arising out of or resulting from any cause whatsoever (except the gross negligence or willful misconduct of Landlord, its successors and assigns, and their respective directors, officers, employees and agents), including, but not limited to: (i) repairs to any portion of the Premises; (ii) interruption in Tenant's use of the Premises; (iii) any accident or damage resulting from the use or operation (by Landlord, Tenant or any other person or persons) of any equipment within the Premises, including without limitation, heating, cooling, electrical or plumbing equipment or apparatus; (iv) the termination of this Lease by reason of the condemnation or destruction of the Premises in accordance with the provisions of this Lease; (v) any fire, robbery, theft, mysterious disappearance or other casualty; (vi) the actions of any other person or persons; and (vii) any leakage or seepage in or from any part or portion of the Premises, whether from water, rain or other precipitation that may leak into, or flow from, any part of the Premises, or from drains, pipes or plumbing fixtures in the Improvements. Any storage or placement by the Tenant or its employees of goods, property or personal effects in or about the Premises shall be done at the sole risk of the Tenant.

18.2 Indemnification of Landlord. Subject to the limitations set forth in Section 18.1 above, Tenant shall defend, indemnify and save and hold Landlord harmless from and against any and all liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs and expenses of every kind or nature (except as may arise through the gross negligence or willful misconduct of Landlord, its successors and assigns, and their respective directors, officers, employees and agents), including reasonable attorneys' fees and court costs, incurred by Landlord, arising directly or indirectly from or out of: (i) any failure by Tenant to perform any of the terms, provisions, covenants or conditions of this Lease on Tenant's part to be performed; (ii) any accident, injury or damage which shall happen at, in or upon the Premises, however occurring; (iii) any matter or thing growing out of the condition, occupation, maintenance, alteration, repair, use or operation by any person of the Premises, or any part thereof, or the operation of the business contemplated by this Lease to be conducted thereon, thereat, therein, or therefrom; (iv) any failure of Tenant to comply with any laws, ordinances, requirements, orders, directions, rules or regulations of any governmental authority, including, without limitation, the Accessibility Laws; or (v) any other act or omission of Tenant, its employees, agents, invitees, customers, licensees or contractors. Tenant's indemnity obligations under this Article XVIII and elsewhere in this Lease arising prior to the expiration or earlier termination of this Lease shall survive any such expiration or termination, subject to the limitations in Section 4.6(b) and subject to Tenant's release from continuing liability under Article XIV hereof (after an assignment to an assignee that meets the net worth requirements set forth in the first paragraph of Article XIV hereof).

18.3 Notice of Claim or Suit / Notice of Environmental Matters. Tenant shall promptly notify Landlord of any claim, action, proceeding or suit involving the Premises which is instituted or threatened against Tenant or Landlord of which Tenant receives notice or of which Tenant acquires knowledge. In the event Landlord is made a party to any action for damages or other relief against which Tenant has indemnified Landlord, as aforesaid, Tenant shall defend Landlord, pay all costs and shall provide effective counsel to Landlord in such litigation or, at Landlord's option, shall pay all reasonable attorneys' fees and costs incurred by Landlord in connection with its own defense or settlement of said litigation.

18.4 Limitation on Liability of Landlord. In the event Tenant is awarded a money judgment against Landlord, Tenant's sole recourse for satisfaction of such judgment shall be limited to execution against the Premises. In no event shall any officer, director, employee or shareholder of Landlord be personally liable for the obligations of Landlord hereunder. Nothing in this Article XVIII shall limit Landlord's liability for or Tenant's ability to recover against Landlord for, any gross negligence or willful misconduct by Landlord or Landlord's agents against Tenant or any other person on, in or about the Premises, including the grossly negligent acts of Landlord or Landlord's agents while inspecting the Premises pursuant to any of the terms or provisions of this Lease.

ARTICLEDE XIX.
FAULT

19.1 Events of Default. Each of the following events shall be an event of default hereunder by Tenant and shall constitute a breach of this Lease (individually an “**Event of Default**”):

(a) If Tenant shall fail to pay, when due, any Rent, or portion thereof, or any other sum due to Landlord from Tenant hereunder, and such failure shall continue for a period of ten (10) days after notice from Landlord; provided, however, after Tenant’s first failure to pay in any calendar year during the Term, the cure period shall be five (5) days instead of ten (10) days.

(b) If Tenant shall violate or fail to comply with or perform any other term, provision, covenant, agreement or condition to be performed or observed by Tenant under this Lease, and such violation or failure shall continue for a period of thirty (30) days after written notice thereof from Landlord; provided, however, Tenant shall have more than thirty (30) days to cure the non-monetary default as is necessary provided Tenant commences to cure said default within thirty (30) days of receipt of Landlord’s notice, Tenant diligently pursues said cure to completion, and Tenant completes said cure within one hundred and eighty (180) days of receipt of Landlord’s notice, or longer if Tenant is diligently pursuing remediation of a Material Release in, on or under the Premises in compliance with the applicable governmental authority.

(c) If, at any time during the Term of this Lease, Tenant shall file in any court, pursuant to any statute of either the United States or of any State, a petition in bankruptcy or insolvency, or for reorganization or arrangement, or for the appointment of a receiver or trustee of all or any portion of Tenant’s property, including, without limitation, its leasehold interest in the Premises, or if Tenant shall make an assignment for the benefit of its creditors or petitions for or enters into an arrangement with its creditors.

(d) If, at any time during the Term of this Lease, there shall be filed against Tenant in any courts pursuant to any statute of the United States or of any State, a petition in bankruptcy or insolvency, or for reorganization, or for the appointment of a receiver or trustee of all or a portion of Tenant’s property, including, without limitation, its leasehold interest in the Premises, and any such proceeding against Tenant shall not be dismissed within sixty (60) days following the commencement thereof.

(e) If Tenant’s leasehold interest in the Premises or property therein shall be seized under any levy, execution, attachment or other process of court where the same shall not be vacated or stayed on appeal or otherwise within sixty (60) days thereafter, or if Tenant’s leasehold interest in the Premises is sold by judicial sale and such sale is not vacated, set aside or stayed on appeal or otherwise within ninety (90) days thereafter.

(f) If Tenant commits an anticipatory breach of this Lease, as defined herein. As used herein, "Anticipatory Breach" shall mean either (i) Tenant's repudiation of the Lease in writing, or (ii) Tenant's failure to pay Rent or other amounts due under this Lease as and when they are due and payable, after any applicable notice period as set forth in this Section 19.1.

19.2 Remedies on Default. If any of the Events of Default hereinabove specified shall occur, Landlord, at any time thereafter, shall have and may exercise any of the following rights and remedies:

(a) Landlord may, pursuant to written notice thereof to Tenant, terminate this Lease and, peaceably or pursuant to appropriate legal proceedings, re-enter, retake and resume possession of the Premises for Landlord's own account and, for Tenant's breach of and default under this Lease, recover promptly from Tenant any and all rents and other sums and damages due or in existence at the time of such termination, including, without limitation, (i) all Rent and other sums, charges, payments, costs and expenses agreed and/or required to be paid by Tenant to Landlord hereunder, (ii) all costs and expenses of Landlord in connection with the recovery of possession of the Premises, including reasonable attorneys' fees and court costs, and (iii) all costs and expenses of Landlord in connection with any reletting or attempted reletting of the Premises or any part or parts thereof, including, without limitation, brokerage fees, attorneys' fees and the cost of any alterations or repairs which may be reasonably required to so relet the Premises, or any part or parts thereof.

(b) Landlord may, pursuant to any prior notice required by law, and without terminating this Lease, peaceably or pursuant to appropriate legal proceedings, re-enter, retake and resume possession of the Premises for the account of Tenant, make such alterations of and repairs to the Premises as may be reasonably necessary in order to relet the same or any part or parts thereof and relet or attempt to relet the Premises or any part or parts thereof for such term or terms (which may be for a term or terms extending beyond the Term of this Lease), at such rents and upon such other terms and provisions as Landlord, in its sole, but reasonable, discretion, may deem advisable. If Landlord relets or attempts to relet the Premises, Landlord shall at its sole discretion determine the terms and provisions of any new lease or sublease and whether or not a particular proposed new tenant or sublessee is acceptable to Landlord. Upon any such reletting, all rents received by the Landlord from such reletting shall be applied, (a) first, to the payment of all costs and expenses of recovering possession of the Premises, (b) second, to the payment of any costs and expenses of such reletting, including brokerage fees, attorneys' fees and the cost of any alterations and repairs reasonably required for such reletting; (c) third, to the payment of any indebtedness, other than Rent, due hereunder from Tenant to the Landlord, (d) fourth, to the payment of all Rent and other sums due and unpaid hereunder, and (e) fifth, the residue, if any, shall be held by the Landlord and applied in payment of future Rents as the same may become due and payable hereunder. If the rents received from such reletting during any period shall be less than that required to be paid during that period by the Tenant hereunder, Tenant shall promptly pay any such deficiency to the Landlord and failing the prompt payment thereof by Tenant to Landlord, Landlord shall immediately be entitled to institute legal proceedings for the recovery and collection of the same. Such deficiency shall be calculated and paid at the time each payment of rent shall otherwise become due under this Lease, or, at the option of Landlord, at the end of the Term of this Lease. Landlord shall, in addition, after any applicable cure period, be entitled to sue for and otherwise recover from Tenant any other damages occasioned by or resulting from an Event of Default under this Lease other than a default in the payment of rent. No such re-entry, retaking or resumption of possession of the Premises by the Landlord for the account of Tenant shall be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention shall be given to the Tenant or unless the termination of this Lease be decreed by a court of competent jurisdiction. Notwithstanding any such re-entry and reletting or attempted reletting of the Premises or any part or parts thereof for the account of Tenant without termination, Landlord may at any time thereafter, upon written notice to Tenant, elect to terminate this Lease or pursue any other remedy available to Landlord for Tenant's previous breach of or default under this Lease. Landlord, in the

exercise of its reasonable business judgment, shall minimize or mitigate Landlord's damages as a result of the Event of Default of Tenant under this Lease.

(c) Landlord may, (i) without re-entering, retaking or resuming possession of the Premises, sue for all Rent and all other sums, charges, payments, costs and expenses due from Tenant to Landlord hereunder as they become due under this Lease, taking into account that Tenant's right and option to pay the Rent hereunder on a monthly basis in any particular Lease Year is conditioned upon the absence of a default on Tenant's part in the performance of its obligations under this Lease, or (ii) at Landlord's option, dispossess Tenant and, to the fullest extent permitted by law, collect the difference between the total of all Rent provided for in this Lease for the remainder of the Term and the reasonable rental value for the Premises for such period, such difference discounted to the present value.

In addition to the remedies hereinabove specified and enumerated, Landlord shall have and may exercise the right to invoke any other remedies allowed at law or in equity as if the remedies of re-entry, unlawful detainer proceedings and other remedies were not herein provided. Accordingly, the mention in this Lease of any particular remedy shall not preclude Landlord from having or exercising any other remedy at law or in equity. Nothing herein contained shall be construed as precluding the Landlord from having or exercising such lawful remedies as may be and become necessary in order to preserve the Landlord's right or the interest of the Landlord in the Premises and in this Lease, even before the expiration of any notice periods provided for in this Lease, if under the particular circumstances then existing the allowance of such notice periods will prejudice or will endanger the rights and estate of the Landlord in this Lease and in the Premises; provided, however, that nothing herein shall entitle Landlord to receive more than Landlord is otherwise entitled to receive under this Lease.

19.3 Landlord May Cure Tenant Defaults. If an Event of Default shall occur, other than the payment of Rent, Landlord may, after notice to Tenant and a reasonable time to perform after such notice (or without notice if, in Landlord's reasonable opinion, an emergency exists) perform the same for the account and at the expense of Tenant. If, at any time and by reason of such default, Landlord is compelled to pay, or elects to pay, any sum of money or do any act which will require the payment of any sum of money, or is compelled to incur any expense in the enforcement of its rights hereunder or otherwise, such sum or sums, together with interest thereon at the highest rate allowed under the laws of the State where the Premises is located, shall be deemed Additional Rent hereunder and shall be repaid to Landlord by Tenant promptly when billed therefor, and Landlord shall have all the same rights and remedies in respect thereof as Landlord has in respect of the rents herein reserved.

19.4 Waiver of Landlord's Lien. Landlord hereby expressly waives all liens, constitutional, statutory or otherwise, which it may have with regard to Tenant's personal property, trade fixtures, furniture, equipment, stock, goods, merchandise, inventory, and other property placed on the Premises during the Term of this Lease.

19.5 Rights Cumulative. The rights and remedies provided and available to Landlord in this Lease are distinct, separate and cumulative remedies, and no one of them, whether or not exercised by Landlord, shall be deemed to be in exclusion of any other.

ARTICLE XX. NOTICES

Any notice required or permitted to be given under this Lease shall be deemed given if delivered personally or sent by (a) United States registered or certified mail, postage prepaid, return receipt requested, or (b) overnight courier service, and addressed as follows:

If to Landlord: Lehigh Gas Wholesale Services, Inc.
Attention:
645 Hamilton Street, Suite 500
Allentown, PA 18101

If to Tenant: CAPL Operations I, LLC
Attention:
One Valero Way, Building D, Suite 200
San Antonio, TX 78249

or such other address as may be designated by either party by written notice to the other. Except as otherwise provided in this Lease, every notice, demand, request or other communication hereunder shall be deemed to have been given or served upon actual receipt thereof. Accordingly, a notice shall not be effective until actually received. Notwithstanding the foregoing, any notice mailed to the last designated address of any person or party to which a notice may be or is required to be delivered pursuant to this Lease shall not be deemed ineffective if actual delivery cannot be made due to a change of address of the person or party to which the notice is directed or the failure or refusal of such person or party to accept delivery of the notice.

ARTICLE XXI. MISCELLANEOUS

21.1 "Triple Net" Lease. Landlord and Tenant acknowledge and agree that both parties intend that this Lease shall be and constitute what is generally referred to in the real estate industry as a "triple net" or "absolute net" lease, such that Tenant shall be obligated hereunder to pay all costs and expenses incurred with respect to, and associated with, the Premises and the business operated thereon and therein, including, without limitation, all taxes and assessments, utility charges, insurance costs, maintenance costs and repair, replacement and restoration expenses (all as more particularly herein provided) together with any and all other assessments, charges, costs and expenses of any kind or nature whatsoever related to, or associated with, the Premises and the business operated thereon and therein; provided, however, that Landlord shall nonetheless be obligated to pay any debt service on any mortgage encumbering Landlord's fee simple interest in the Premises, and Landlord's personal income taxes with respect to the rents received by Landlord under this Lease. Except as expressly provided in this Lease, Landlord shall bear no cost or expense of any type or nature with respect to, or associated with, the Premises.

21.2 Estoppel Certificates. At any time and from time to time, Landlord and Tenant shall, at no cost to the non-requesting party, promptly and in no event later than twenty (20) days after a request from either Tenant (or any Leasehold Mortgagee), or Landlord, execute, acknowledge and deliver to the requesting party or any present or proposed mortgagee of the leasehold estate or the fee estate, or any proposed assignee, a certificate in the form set forth on Exhibit A, certifying: (i) that the Lease is in full force and effect and has not been modified (or if modified, setting forth all modifications), or if the Lease is not in full force and effect, the certificate shall so specify the reasons therefore; (ii) the commencement and expiration dates of the Lease Term; (iii) the date to which the Rent has been paid under the Lease and the amount thereof then payable; (iv) whether there are then any existing known defaults by Tenant (or Landlord) in the performance of its obligations under this Lease, and, if there are any such known defaults, specifying the nature and extent thereof; (v) that no notice has been received by Landlord (or Tenant) of any default under this Lease which has not been cured, except as to defaults specified in the certificate; (vi) the capacity of the person executing such certificate, and that such person is duly authorized to execute the same on behalf of Landlord; (vii) an agreement to provide notice of default to any mortgagee of the leasehold estate (or fee estate) and the same opportunity provided herein (within the same time period) to Landlord or Tenant to cure said default; and (viii) any other information reasonably requested by Tenant or Landlord or its present or proposed assignee or mortgagee. If Landlord or Tenant shall fail or refuse to sign an estoppel certificate in accordance with the provisions of this Section 21.2 within the time period set forth above following a request by the other party to this Lease, the party failing to respond irrevocably constitutes and appoints the other party as its attorney-in-fact for the sole purpose of executing and delivering the certificate to any such third party.

21.3 Brokerage. Landlord and Tenant hereby represent and warrant to each other that they have not engaged, employed or utilized the services of any business or real estate brokers, salesmen, agents or finders in the initiation, negotiation or consummation of the business and real estate transaction reflected in this Lease. On the basis of such representation and warranty, each party shall and hereby agrees to indemnify and save and hold the other party harmless from and against the payment of any commissions or fees to or claims for commissions or fees by any real estate or business broker, salesman, agent or finder resulting from or arising out of any actions taken or agreements made by them with respect to the business and real estate transaction reflected in this Lease.

21.4 No Partnership or Joint Venture. Landlord shall not, by virtue of this Lease, in any way or for any purpose, be deemed to be a partner of Tenant in the conduct of Tenant's business upon, within or from the Premises or otherwise, or a joint venturer or a member of a joint enterprise with Tenant.

21.5 Entire Agreement. This Lease contains the entire agreement between the parties and, except as otherwise provided herein, can only be changed, modified, amended or terminated by an instrument in writing executed by the parties. This Lease cancels and supersedes all prior written and unwritten agreements, promises, and understandings between the Parties pertaining to the matters covered under this Agreement, except any indebtedness owed to the Landlord by the Tenant, and is a final, complete and exclusive statement of the agreement between the Landlord and the Tenant. This Lease may be modified only by a writing signed by the Parties or their duly authorized agent. THERE ARE NO ORAL UNDERSTANDINGS, REPRESENTATIONS OR WARRANTIES AFFECTING IT. EXECUTION OF THIS LEASE BY TENANT IS AN ACKNOWLEDGEMENT THAT NO REPRESENTATIONS NOT SET FORTH IN WRITING HEREIN HAVE BEEN MADE OR RELIED UPON BY THE TENANT. This Lease shall not be changed, amended or modified except by a written instrument executed by Landlord and Tenant.

21.6 Waiver. No release, discharge or waiver of any provision hereof shall be enforceable against or binding upon Landlord or Tenant unless in writing and executed by Landlord or Tenant, as the case may be. Neither the failure of Landlord or Tenant to insist upon a strict performance of any of the terms, provisions, covenants, agreements and conditions hereof, nor the acceptance of any Rent by Landlord with knowledge of a breach of this Lease by Tenant in the performance of its obligations hereunder, shall be deemed a waiver of any rights or remedies that Landlord or Tenant may have or a waiver of any subsequent breach or default in any of such terms, provisions, covenants, agreements and conditions.

21.7 Time. Time is of the essence in every particular of this Lease, including, without limitation, obligations for the payment of money.

21.8 Costs and Attorneys' Fees. If either party shall bring an action to recover any sum due hereunder, or for any breach hereunder, and shall obtain a judgment or decree in its favor, the court may award to such prevailing party its reasonable costs and reasonable attorneys' fees, specifically including reasonable attorneys' fees incurred in connection with any appeals (whether or not taxable as such by law). Landlord shall also be entitled to recover its reasonable attorneys' fees and costs incurred in any bankruptcy action filed by or against Tenant, including, without limitation, those incurred in seeking relief from the automatic stay, in dealing with the assumption or rejection of this Lease, in any adversary proceeding, and in the preparation and filing of any proof of claim.

21.9 Captions and Headings. The captions and headings in this Lease have been inserted herein only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of, or otherwise affect, the provisions of this Lease.

21.10 Severability. If any provision of this Lease shall be deemed to be invalid, it shall be considered deleted therefrom and shall not invalidate the remaining provisions of this Lease.

21.11 Successors and Assigns. The agreements, terms, provisions, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of Landlord and Tenant and, to the extent permitted herein, their respective successors and assigns.

21.12 Applicable Law. This Lease shall be governed by, and construed in accordance with, the laws of the State in which the Premises is located.

21.13 Recordation of Memorandum of Lease. At either party's option, a short form memorandum of this Lease, in the form attached hereto as Exhibit B shall be recorded or filed among the appropriate land records of the County in which the Premises is located, and Tenant shall pay the recording costs associated therewith. In the event of a discrepancy between the provisions of this Lease and such short form memorandum thereof, the provisions of this Lease shall prevail.

21.14 Waiver of Jury Trial. TENANT AND LANDLORD HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER OF THEM OR THEIR HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO LANDLORD'S ACCEPTING THIS LEASE.

21.15 Counterparts. This Lease may be executed in counterparts by the parties hereto and each shall be considered an original, but all such counterparts shall be construed together and constitute one Lease between the parties hereto.

21.16 Not a Security Arrangement. The parties hereto agree and acknowledge that this transaction is not intended as a security arrangement or financing secured by real property, but shall be construed for all purposes as a true operating lease.

21.17 Tenant's Personal Property. During the Term of this Lease, Tenant may, at Tenant's expense, place or install such furniture, trade fixtures, equipment, machinery, furnishings, face plates of signage and other articles of movable personal property (collectively, "**Tenant's Personal Property**") on the Premises as may be needed for the conduct of Tenant's business. It is expressly understood that the term "Tenant's Personal Property" as used herein shall in no event extend to leasehold improvements, fixtures or similar "vanilla shell" items such as light fixtures, HVAC equipment, or other fixtures and equipment, including any canopies, permanently affixed to the Premises.

21.18 Maintenance Records and Contracts. Tenant shall keep and maintain at all times complete and accurate books and records regarding the maintenance and repair of the Premises, and upon the request of Landlord not to be made more than once in any calendar year, Tenant shall furnish to Landlord within thirty (30) days of such request, copies of all maintenance and repair records for the Premises in Tenant's possession for that year, including any maintenance or service contracts.

21.19 Landlord's Cooperation. Landlord agrees, upon Tenant's request, but at no cost or expense to Landlord, to provide such information as is reasonably necessary to assist Tenant in procuring any permits or licenses necessary to operate the Premises as a convenience store with gas facilities or any other permitted use hereunder.

21.20 Right of Refusal to Purchase. During the term and any extensions or renewals hereof, should Landlord receive a bona fide offer from any third party (Other than any affiliate of Landlord) to purchase the Premises which Landlord desires to accept, Landlord shall, before accepting such offer, notify Tenant in writing of all the terms and conditions thereof (including a copy of the offer) and shall first offer in writing to sell the Premises to Tenant upon the same terms and conditions. Upon receipt of any such notice and offer from Landlord, Tenant shall have twenty (20) days thereafter within which to accept the same. Should Tenant fail to accept any such offer within said twenty (20) day period, Landlord shall be free to sell the Premises to the original offeror upon the same terms and conditions offered to Tenant without further notice to Tenant. Should Landlord, after having made such offer to Tenant as above-described, fail to sell the Premises upon the same terms and conditions offered to Tenant, Landlord shall give Tenant notice in the manner set forth above of any further or different offers received by Landlord for the purchase of the Premises and shall first offer to sell the same to Tenant upon the same terms and conditions before accepting any such further or different offer. It is expressly understood and agreed by and between the parties hereto that Tenant shall have the right of first refusal with respect to each and every offer to sell or purchase made or received by Landlord or by any successor Landlord and the then Landlord at the time of the making of receipt of such offer to sell or purchase shall in each and every instance notify Tenant of such offer in the manner set forth above and Tenant shall have the right to purchase the Premises under the terms and conditions of such offer in accordance with the terms and provisions set forth above.

21.21 Guaranty. The obligations of Tenant under this Lease are guaranteed by CST Brands, Inc., a Delaware corporation (the "Guarantor"), pursuant to that certain Guaranty between Landlord and Guarantor of even date herewith. A release of Tenant upon an assignment of this Lease to an entity that meets the net worth requirements set forth in Article XIV of this Lease or a release of Tenant upon the written agreement of Landlord and Tenant shall also operate as a release of Guarantor.

[Signature Page Follows]

Signed this 1st day of October, 2014.

LANDLORD: **Lehigh Gas Wholesale Services, Inc.**

By: /s/ Gerard J. Sonnier

Print Name: Gerard J. Sonnier

Title: Secretary

Signed this 1st day of October, 2014.

TENANT: **CAPL Operations I, LLC**

By: /s/ Gerard J. Sonnier

Print Name: Gerard J. Sonnier

Title: SVP, General Counsel and Corporate Secretary

Signed this 8th day of January, 2015.

TENANT: **Big Diamond, LLC**

By: /s/ Gerard J. Sonnier

Print Name: Gerard J. Sonnier

Title: SVP, General Counsel and Corporate Secretary

Exhibit A

Estoppel Certificate

THIS ESTOPPEL CERTIFICATE ("**Certificate**") is given this ___ day of _____, 20___ by _____ ("**Tenant**" or "**Landlord**") in favor of _____, a _____, with principal office and place of business at _____ ("**Beneficiary**").

RECITALS:

A. Pursuant to the terms and conditions of that certain Lease Agreement ("**Lease**") dated _____, _____ ("**Landlord**") leased to Tenant certain real property in _____ County, _____ ("**Premises**"), which Premises are more particularly described in the Lease.

B. Pursuant to the terms and conditions of the Lease, the Beneficiary has requested that the Tenant/Landlord execute and deliver this Certificate with respect to the Lease.

NOW, THEREFORE, in consideration of the above premises, the Tenant/Landlord hereby makes the following statements for the benefit of the Assignee:

1. The copy of the Lease attached hereto and made a part hereof as Exhibit A is a true, correct and complete copy of the Lease, which Lease is in full force and effect as of the date hereof, and has not been modified or amended.
2. The Lease sets forth the entire agreement between the Landlord and the Tenant relating to the leasing of the Premises, and there are no other agreements, written or oral, relating to the leasing of the Premises.
3. There exists no uncured or outstanding defaults or events of default under the Lease, or events which, with the passage of time, and the giving of notice, or both, would be a default or event of default under the Lease.
4. No notice of termination has been given by Landlord or Tenant with respect to the Lease.
5. All payments due the Landlord under the Lease through and including the date hereof have been made, including the monthly installment of Base Rent (as defined in the Lease) for the period of _____ to _____ in the amount of \$_____.
6. As of the date hereof, the annual Base Rent under the Lease is \$_____.
7. There are no disputes between the Landlord and the Tenant with respect to any rental due under the Lease or with respect to any provision of the Lease.

8. The Lease remains/is no longer cross-defaulted with the Other Leases.

9. Notwithstanding any provisions of the Lease to the contrary, the Tenant/Landlord hereby consents to the [collateral] assignment of the Lease by the Landlord/Tenant to the Beneficiary, and agrees that no terms and conditions of the Lease shall be altered, amended or changed as a result of such assignment.

10. The Tenant/Landlord hereby agrees that from and after the date hereof [copies of] all notices which Tenant/Landlord is required to deliver to the Landlord/Tenant under the Lease with respect to defaults, events of default or failure to perform by the Landlord/Tenant under the Lease, shall be delivered to Beneficiary at the following address:

11. The Tenant/Landlord understands and acknowledges that Beneficiary is relying upon the representations set forth in this Certificate.

IN TESTIMONY WHEREOF, witness the signature of the Tenant/Landlord as of the day and year first set forth above.

By: _____

Name: _____

Its: _____

[INSERT NOTARY BLOCK]

Exhibit B

Memorandum of Lease

THIS MEMORANDUM OF LEASE, entered into as of this ____ day of _____, 20____, by and between _____, a _____, whose address is _____(the "**Landlord**"), and _____, a _____, whose address is _____(the "**Tenant**").

W I T N E S S E T H:

THAT, Landlord and Tenant have heretofore entered into a certain Lease Agreement dated _____, 20____ (the "**Lease**") covering certain premises consisting of, among other things, certain real property located in _____ County, _____, more particularly described on Exhibit A attached hereto upon which there is constructed and located certain improvements (together the "**Premises**"), and

WHEREAS, it is the desire of both Landlord and Tenant to memorialize the Lease and set forth certain pertinent data with respect thereto,

NOW THEREFORE, with respect to the Lease, Landlord and Tenant hereby acknowledge and agree as follows:

1. Demise. The Premises have been and are hereby demised, let and leased by Landlord to Tenant, and taken and accepted by Tenant from Landlord, all pursuant to and in accordance with the Lease.

2. Term. The Initial Term of the Lease is from _____, 20____, until 11:59 p.m. on the date immediately preceding the tenth (10th) anniversary of the Rental Commencement Date. Tenant has the right, privilege and option to renew and extend the Initial Term of the Lease for additional periods of five (5) years each, subject to the provisions and conditions of the Lease.

3. Possession. Landlord has delivered possession of the Premises to Tenant and Tenant has accepted delivery and taken possession of the Premises from Landlord.

4. Liens on Landlord's Interest Prohibited. By the terms of the Lease, Landlord's interest in the Premises may not be subjected to liens of any nature by reason of Tenant's construction, alteration, repair, restoration, replacement or reconstruction of any improvements on or in the Premises, including those arising in connection with or as an incident to the renovation of the improvements located on the Premises, or by reason of any other act or omission of Tenant (or of any person claiming by, through or under Tenant) including, but not limited to, mechanics' and materialmen's liens. Accordingly, all persons dealing with Tenant are hereby placed on notice that such persons shall not look to Landlord or to Landlord's credit or assets (including Landlord's interest in the Premises) for payment or satisfaction of any obligations incurred in connection with the construction, alteration, repair, restoration, renovation, replacement or reconstruction thereof by or on behalf of Tenant. Tenant has no power, right or authority to subject Landlord's interest in the Premises to any mechanic's or materialmen's lien or claim of lien.

5. The terms of the Lease contains a Right for First Refusal.

6. Inconsistent Provisions. The provisions of this Memorandum constitute only a general description of the content of the Lease with respect to matters set forth herein. Accordingly, third parties are advised that the provisions of the Lease itself shall be controlling with respect to all matters set forth herein. In the event of any discrepancy between the provisions of the Lease and this Memorandum, the provisions of the Lease shall take precedence and prevail over the provisions of this Memorandum.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Memorandum of Lease to be duly executed on or as of the day and year first above written.

Landlord:

By:

Name:

Title:

STATE OF _____
COUNTY OF _____

The instrument was acknowledged before me this _____ day of _____, 20____ by _____ as _____ of _____, a Delaware corporation, on behalf of said limited liability company.

Notary Public, State of _____

Tenant:

By:

Name:

Title:

STATE OF TEXAS
COUNTY OF _____

The instrument was acknowledged before me this _____ day of _____, 20____ by _____ as _____ of _____, a Delaware limited liability company, on behalf of said limited liability company.

Notary Public, State of _____

AMENDMENT TO MASTER LEASE AGREEMENT

THIS AMENDMENT TO MASTERLEASE AGREEMENT (this "Amendment"), is made as of the 13th day of April, 2015, by and between **Lehigh Gas Wholesale Services Inc.**, a Delaware corporation with an address of 645 W. Hamilton St., Suite 500, Allentown, PA 18101 (the "Landlord"), and **CAPL Operations I, LLC**, a Texas limited liability company with an address of One Valero Way, Building D, Suite 200, San Antonio, TX 78249 (the "Tenant").

BACKGROUND

A. Landlord and Tenant are parties to a certain Master Lease Agreement, effective October 1, 2014 (the "Agreement").

B. Lessor and Lessee now desire to amend certain provisions of the Agreement as set forth more fully below.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, Lessor and Lessee, intending to be legally bound, hereby covenant and agree as follows:

1. Schedule A. The Monthly Base Rent set forth in Schedule A to the Agreement for those certain Premises listed in the attached Schedule 1 (the "Locations") is hereby amended by and replaced with those new Monthly Base Rent amounts set forth in Schedule 1 for those Locations.

2. Miscellaneous.

(a) This Amendment may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought.

(b) This Amendment may be simultaneously executed in several counterparts, each of which when so executed and delivered shall constitute an original, fully enforceable counterpart for all purposes.

(c) This Amendment shall be governed by and construed according to the internal laws of the State of Texas.

(d) If a conflict between this Amendment and the Agreement exists, the terms of this Amendment shall control.

(e) All other terms and conditions of the Agreement shall remain in effect.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be executed as of the day and year first above written.

LANDLORD:

Lehigh Gas Wholesale Services, Inc.

By: /s/ Hamlet Newsom

Hamlet Newsom, Secretary

TENANT:

CAPL Operations I, LLC

By: /s/ Gerard J. Sonnier

Gerard J. Sonnier, Secretary

**SECOND AMENDMENT
TO
MASTER LEASE AGREEMENT**

THIS SECOND AMENDMENT TO MASTER LEASE AGREEMENT (the "**Amendment**") is made and entered into as of June 15, 2015 but effective as of the 8th day of January, 2015, by and between the Landlord(s), as identified on Schedule A, attached to the Lease referenced below, having their principal office at 645 W. Hamilton Street, Suite 500, Allentown, PA 18101 ("**Landlord**") and the Tenant(s), as identified on Schedule A, attached to the Lease, having their principal office at One Valero Way, Building D, Suite 200, San Antonio, TX 78249 ("**Tenant**").

W I T N E S S E T H:

WHEREAS, Landlord and Tenant have previously entered into a Master Lease Agreement dated October 1, 2014, as subsequently amended by Amendment to Lease dated April 1, 2015 (collectively referred to herein as the "**Lease**"); and

WHEREAS, Landlord and Tenant desire to amend the Lease in certain respects, on the terms and conditions more particularly hereinafter provided and described;

NOW, THEREFORE, for and in consideration of the premises hereof, the sums of money to be paid hereunder, and the mutual and reciprocal obligations undertaken herein, the parties hereto do hereby covenant, stipulate and agree as follows:

- 1) Definitions. Capitalized terms used but not defined herein shall have the meaning given such term in the Lease.
- 2) Section 2.4, entitled "*Termination or Cancellation*", is hereby deleted in its entirety.
- 3) Deletion of Storage Tank System. Landlord and Tenant hereby agree that Schedule A to the Lease is hereby deleted in its entirety, and Schedule A-1 attached hereto is substituted in lieu thereof, reflecting amended Monthly Base Rent for the real properties acquired through Timewise and leased to Big Diamond, LLC (the "**Timewise Properties**"). In addition, Landlord and Tenant hereby agree that, with respect to the Timewise Properties only (as reflected on Schedule A-1), unless the parties subsequently mutually agree in writing to the contrary, the Storage Tank System, as defined in Section 4.5 of the Lease, is hereby deemed to be personal property in nature under the provisions of the Lease. As such, the definition of "Premises" as set forth in the Recitals of the Lease is hereby amended by the deletion of "Storage Tank System as defined in Section 4.5 of the Lease" from such definition with respect to the Timewise Properties only, it being the intent of the parties hereto that the Storage Tank System shall not be deemed to be leased by Landlord to Tenant pursuant to the terms and conditions of the Lease with respect to the Timewise Properties. Notwithstanding the foregoing, this Amendment shall not be deemed to have amended, altered, eliminated or decreased Tenant's responsibilities to Landlord pursuant to Section 4.5 or Section 4.6 of the Lease.
- 4) Definition of Personal Property. Section 21.17 of the Lease, entitled "Tenant's Personal Property", is hereby amended to read as follows:

“Section 21.17 Tenant’s Personal Property. During the Term of this Lease, Tenant may, at Tenant’s expense, place or install such portions of the Storage Tank System (including underground or aboveground storage tanks and their associated underground, above ground, and/or connected piping and related fuel dispensing, pumping, mechanical, control and detectional equipment), as well as furniture, trade fixtures, equipment, machinery, furnishings, face plates of signage and other articles of movable personal property (collectively, “**Tenant’s Personal Property**”) on the Premises as may be needed for the conduct of Tenant’s business. It is expressly understood that the term “Tenant’s Personal Property” as used herein shall in no event extend to leasehold improvements, canopies, fixtures or similar “vanilla shell” items such as light fixtures, HVAC equipment, or other fixtures and equipment.”

- 5) Entire Agreement. This Amendment contains the entire agreement between the parties and, except as otherwise provided herein, can only be changed, modified, amended or terminated by an instrument in writing executed by the parties. In the event of any conflict between the terms and conditions of this Amendment and the Lease, the terms and conditions of this Amendment shall be deemed controlling.
- 6) Captions and Headings. The captions and headings in this Amendment have been inserted herein only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of, or otherwise affect, the provisions of this Amendment.
- 7) Severability. If any provision of this Amendment shall be deemed to be invalid, it shall be considered deleted therefrom and shall not invalidate the remaining provisions of this Amendment.
- 8) Counterparts. This Amendment may be executed in counterparts by the parties hereto and each shall be considered an original, but all such counterparts shall be construed together and constitute one Amendment between the parties hereto.

[Signature Page Follows]

LANDLORD: Lehigh Gas Wholesale Services, Inc.

By: /s/ Hamlet T. Newsom, Jr.

Print Name: Hamlet T. Newsom, Jr.

Title: Vice President, General Counsel and Secretary

TENANT: CAPL Operations I, LLC

By: /s/ Gerard J. Sonnier

Print Name: Gerard J. Sonnier

Title: Senior Vice President, General Counsel and Secretary

TENANT: CST Services LLC, on behalf of itself and its subsidiaries

By: /s/ Gerard J. Sonnier

Print Name: Gerard J. Sonnier

Title: Senior Vice President, General Counsel and Secretary

ADDENDUM TO MASTER LEASE AGREEMENT

This ADDENDUM TO MASTER LEASE AGREEMENT (this “**Addendum to Master Lease Agreement**”) is by and between [Lehigh Gas Wholesale Services, Inc.], a [Delaware corporation] (“**Landlord**”), and [Entity Name], a [] (“**Tenant**”), and is made effective as of [___], 20[___] (the “**Effective Date**”). Landlord and Tenant are each a “**Party**” and collectively are the “**Parties.**” Capitalized terms used but not otherwise defined in this Lease Agreement shall have the respective meanings set forth in the Master Lease (defined below).

WHEREAS, Landlord and Tenant have previously entered into that certain Master Lease Agreement dated October 1, 2014, by and between the Landlords and Tenants identified therein, as subsequently amended by that certain Amendment to Lease dated April 1, 2015 and that certain Second Amendment to Master Lease Agreement dated June 15, 2015 (collectively referred to herein as the “**Master Lease**”); and

WHEREAS, Landlord and Tenant desire to enter into this Addendum to Master Lease Agreement for the property described below on the terms and conditions more particularly hereinafter provided and described.

NOW, THEREFORE, for and in consideration of the premises hereof, the sums of money to be paid hereunder, and the mutual and reciprocal obligations undertaken herein, the Parties do hereby covenant, stipulate and agree as follows:

1. The terms of the Master Lease, including the Guaranty obligation of CST Brands, Inc., a Delaware corporation, pursuant to Section 21.21 of the Master Lease, are incorporated herein by reference and made a part hereof in all respects, unless specifically amended or altered by this Addendum to Master Lease Agreement.
2. The rental under this Addendum to Master Lease Agreement shall commence on the Effective Date.
3. The Leased Premises are: [Property Description]
4. The Lease Rate is: 7.5%
5. Monthly Base Rent is: \$_____
6. The Additional Terms and Conditions that apply to this Addendum to Master Lease Agreement are as follows: [If any, otherwise - None]
7. This Addendum to Master Lease Agreement shall be deemed to automatically update Schedule A to the Master Lease Agreement without any further action on the party of any Party.
8. This Addendum to Master Lease Agreement and the Master Lease, collectively, contain the entire agreement between the Parties and, except as otherwise provided herein or therein, can only be changed, modified, amended or terminated by an instrument in writing executed by the Parties.
9. This Addendum to Master Lease Agreement may be executed in counterparts by the Parties and each shall be considered an original, but all such counterparts shall be construed together and constitute one Addendum to Master Lease Agreement between the Parties.

[Rest of Page Intentionally Left Blank, Signature Page to Follow]

Signed this __ day of _____, 201__.

Landlord:
[Entity Name]

By: _____
[Name]
[Title]

Tenant:
[Entity Name]

By: _____
[Name]
[Title]

CST Brands, Inc. hereby acknowledges and reaffirms that certain Guaranty, dated as of October 1, 2014 (as heretofore amended, restated or otherwise modified from time to time), between CST Brands, Inc., as guarantor, and Lehigh Gas Wholesale Services, Inc., as landlord, and its obligations (including the guarantee of the Obligations (as defined therein)) thereunder and pursuant to Section 21.21 of the Master Lease Agreement with respect to the premises leased pursuant to this Lease Agreement.

CST Brands, Inc.

By: _____
[Name]
[Title]

[Signature Page to Lease Agreement]

Signed this __ day of _____, 201_.

Landlord:
[Entity Name]

By: _____
[Name]
[Title]

Tenant:
[Entity Name]

By: _____
[Name]
[Title]

CST Brands, Inc. hereby acknowledges and reaffirms that certain Guaranty, dated as of October 1, 2014 (as heretofore amended, restated or otherwise modified from time to time), between CST Brands, Inc., as guarantor, and Lehigh Gas Wholesale Services, Inc., as landlord, and its obligations (including the guarantee of the Obligations (as defined therein)) thereunder and pursuant to Section 21.21 of the Master Lease Agreement with respect to the premises leased pursuant to this Lease Agreement.

CST Brands, Inc.

By: _____
[Name]
[Title]

FUEL DISTRIBUTION AGREEMENT

This Fuel Distribution Agreement (the “**Agreement**”) is made and entered into by and among **CST Marketing and Supply LLC**, with a business address of One Valero Way, Building D, Suite 200, San Antonio, Texas 78427 (the “**Seller**”), CST Services LLC (“**CST Services**”) and those certain subsidiaries of CST Services signatories hereto (such subsidiaries are referred to collectively as the “**Purchasers**” and individually as a “**Purchaser**”). The above-named entities are sometimes referred to in this Agreement each as a “**Party**” and collectively as the “**Parties**.”

The Seller is a subsidiary of CST Fuel Supply LP (the “**FS Partnership**”). CST USA Inc., the general partner of FS Partnership, is a wholly owned subsidiary of CST Brands, Inc. (“**CST**”). The Seller, CST Services and the Purchasers desire to enter into this Agreement for the exclusive right and obligation of the Seller to distribute motor fuel products sold by the Purchasers.

WITNESSETH:

In consideration of the mutual promises herein contained, the Seller shall sell and deliver to the Purchasers their respective requirements for all branded and unbranded motor fuels required by the Purchasers for resale at retail sites operated by the Purchasers or any person or entity controlled, directly or indirectly, by or commonly controlled, directly or indirectly, with the Purchasers (the “**Retail Sites**”). The Purchasers shall purchase, receive and pay for such motor fuels, including branded product(s) under designated trademarks, service marks, trade names, brand names, or other brand identifications (the “**Proprietary Marks**”) and other unbranded products, of the kind and in the quantities and under the terms and conditions specifically set forth in the Commodity Schedule annexed hereto and made a part hereof. The Seller’s suppliers of branded products under each such supplier’s Proprietary Marks, unbranded products, and their successor(s) and assigns, are each referred to hereinafter as “**Supplier**,” and, collectively, as “**Suppliers**.”

1. Term. This Agreement shall commence on the Effective Date (as defined on the signature page hereof), and shall remain in effect until terminated, as set forth in Section 23 below (the “**Term**”).
2. Locations. All of the Purchasers’ Retail Sites listed on Schedule 2 hereto that purchase motor fuels for resale are subject to this Agreement until the applicable termination date for such Retail Sites set forth in Section 23 of this Agreement or such Retail Site is removed from this Agreement in accordance with Section 3 of this Agreement.
3. Permitted Removal of Locations.

(a) The Purchasers may only remove Retail Sites at which the Purchasers or any of their respective affiliates sell motor fuels from this Agreement in the event that any Purchaser makes a Permitted Sale, Closure or Conversion of a Retail Site. For purposes of this Agreement, a “**Permitted Sale, Closure or Conversion**” shall include any sale or closure of a Retail Site or conversion of any Retail Site from sales by any Purchaser to a contract with any third party to sell motor fuels on a consignment basis (where the third party, as consignor, holds title to the motor fuels until they are sold to the retail customers) where such Purchaser, its parent, affiliated or related entity has agreed to substitute one or more locations comprising estimated equivalent volumes (based on volumes sold at the applicable Retail Site during the most recently completed four quarter period) within six (6) months of closure, sale or conversion, or such Purchaser has received consent of the Seller for sale, closure or conversion.

(b) In order to add or remove any Retail Site to or from this Agreement pursuant to Section 3(a), any such Purchaser shall provide at least sixty (60) days' advance written or electronic notice to the Seller indicating site location, address, estimated volume by product, brand and effective date of such change ("**Supply Change Request**"). If such Supply Change Request involves a brand request for a Supplier's trademarks, the Seller shall use commercially reasonable efforts to obtain authorization from the applicable Supplier for such brand. If brand authorization is not obtained, unbranded product will be supplied.

4. Products. The Commodity Schedule forming a part of this Agreement is affixed at or before the signing hereof. This Agreement may be amended from time to time by mutual agreement of the Parties by adding additional schedules or deleting or substituting revised schedules. Such schedules executed by an authorized representative of the Seller and by an authorized representative of CST Services on behalf of the Purchasers shall become a part of this Agreement.

5. Quantity.

(a) The Seller shall sell and deliver to the Purchasers and the Purchasers shall purchase and receive from the Seller, each Purchaser's requirements of the product(s) covered by this Agreement as such Purchaser may require from time to time until the applicable termination date with respect to any such volumes set forth in Section 23 of this Agreement.

(b) During the Initial Term, CST Services agrees to cause the Purchasers to purchase from the Seller not less than an aggregate of 1.57335 billion gallons of motor fuel each calendar year (the "**Minimum Annual Purchase Requirement**"); provided, however, that the Purchasers shall not be obligated to purchase any motor fuel that the Seller is unable for any reason to deliver to the Purchasers.

(c) However, if during any period of this Agreement, the amount of any motor fuel volumes that the Seller is required to deliver to the Purchasers is prescribed by government rules, regulations or orders, or if for any reason the Seller's supplies of motor fuel are inadequate to meet the needs of the Purchasers and their other customers, the Seller, in its sole discretion, may allocate motor fuel to the Purchasers and their other customers and any shortfall in volumes requested by the Purchasers shall not be deemed to be a breach by Seller of this Agreement and shall not be deemed to be a breach by the Purchasers of their Minimum Annual Purchase Requirement. In the event that the Seller is unable to distribute all motor fuel volumes that the Purchasers desire to purchase from the Seller, the Purchasers may purchase from third parties their requirements of any motor fuel volumes in excess of the amounts of such motor fuels supplied by the Seller.

6. Price/Method of Payment.

(a) The price of the product(s) covered by this Agreement shall be as stated in the Commodity Schedule. The Purchasers shall initially pay within seven (7) days of delivery, which may be shortened or lengthened (provided no longer than thirty (30) days) as necessary to be concurrent with the Seller's applicable payment due date to the Suppliers, by way of Electronic Funds Transfer ("EFT"), or such other means approved by the Seller, for all goods delivered to the Purchasers hereunder.

(b) Each of the Purchasers will establish a commercial account with a financial institution that provides EFT services and will authorize the Seller to initiate transfers of funds between such Purchaser's account and the Seller's account for payment of all amounts due to the Seller under this Agreement. Should any EFT transaction be rejected by such Purchaser's financial institution for any reason, the Seller may, at its sole discretion, require subsequent payments to be made in cash or by other means satisfactory to the Seller.

(c) If at any time the financial responsibility of any of the Purchasers shall become impaired or unsatisfactory to the Seller, or should any of the Purchasers be in arrears in its accounts with the Seller, the Seller may require, as a condition of making further deliveries under this Agreement, payment by such Purchasers of all past due accounts and cash payment prior to, or upon, all such future deliveries or may require such Purchasers to provide to the Seller adequate assurance of their respective performance.

(d) Payments not received on the applicable due date will bear interest at a rate of 8% per annum.

7. Control. Each Purchaser is an independent business with the exclusive right to direct and control the business operations at such Purchaser's Retail Sites, including the establishment of the prices at which products are sold.

8. Liability. The Seller shall not be liable to the Purchasers or to any other person for any damage to or loss of property, or for injury to or death of persons, or for the violation by the Purchasers or any other person, of any governmental statute, law, regulation, rule, or ordinance, arising from the operation or activities of the Purchasers or any other person pursuant to this Agreement. Each Purchaser shall indemnify, protect, defend, and save the Seller harmless from and against any and all losses, claims, liabilities, environmental cleanup costs, fines, penalties, suits, actions, judgments and costs, including attorneys' fees and the costs of litigation, which shall arise from or grow out of any injury to or death of persons, or damage to or loss of property, or violation by such Purchaser or any other person, of any governmental statute, law, regulation, rule, or ordinance, directly or indirectly resulting from, or in any way connected with (i) such Purchaser's performance of this Agreement, (ii) operations of such Purchaser, or activities of any other person, at such Purchaser's Retail Sites, or (iii) the condition of such Purchaser's Retail Sites or of the adjoining streets, sidewalks or ways, irrespective of whether such injury, death, damage or loss is sustained by such Purchaser or any other person, firm or corporation which may seek to hold the Seller liable. The existence or non-existence of any insurance that may be required under this Agreement will not limit the Purchasers' indemnity or other obligations under this Agreement. This indemnity shall survive the termination or nonrenewal of this Agreement.

9. Credit Cards.

(a) As long as the Suppliers accept specified credit cards, fleet cards, debit cards, or other similar transaction authorization cards (the “**Transaction Cards**”), the Purchasers shall accept and honor all Transaction Cards identified in the Suppliers’ Transaction Card manuals or other guidelines (“**Card Guide**”) or agreements, whether in written or electronic form, for the purchase of authorized products and services at all locations branded with Suppliers’ brand, as applicable.

(d) For each transaction not authorized, disputed by a customer, or otherwise subject to charge back under the Card Guide, the Seller may either charge the amount to the applicable Purchaser’s account or require the applicable Purchaser to make immediate refund to the Seller, including refund by draft or EFT initiated by the Seller, without any deduction for any processing fee.

(c) Each Purchaser acknowledges receipt of a copy of the Card Guide and shall comply fully with the operating rules, terms and conditions thereof. Without limiting any rights or remedies available to the Seller, if any Purchaser fails to comply with this Section 9, the Seller or Supplier may limit or terminate such Purchaser’s right to participate in the Supplier’s Transaction Card program or such Purchaser’s right to use the Supplier’s Proprietary Marks.

(d) Each Purchaser understands and acknowledges that the Payment Card Industry Data Security Standard as amended from time to time (the “**PCI DSS**”) contains clearly defined standards setting forth the duties of merchants, like the Purchasers, to secure sensitive cardholder data. Each Purchaser is and shall remain informed of the PCI DSS as the PCI DSS pertains to such Purchaser’s business at the Retail Sites. In addition to the requirements of the Card Guide, each Purchaser shall at all times during the term of this Agreement, and at its sole expense, (i) comply with the PCI DSS; (ii) cause all point-of-sale (“**POS**”) and other related network hardware and software at the Retail Sites to be, and remain, PCI DSS certified and compliant; (iii) regularly monitor, test, and/or assess the POS and related hardware and software at the Retail Sites pursuant to the PCI DSS; and (iv) permit the Seller and/or the Supplier and/or Transaction Card representative to inspect and/or test the POS and other related network hardware and software at the Retail Sites.

(e) Each Purchaser shall indemnify, defend and hold the Seller harmless for any and all losses, fines, penalties, damages, costs or expenses including without limitation attorney’s fees, arising out of such Purchaser’s breach or violation of, or failure to comply with, the PCI DSS or the Card Guide. The indemnity provision contained in this subparagraph (e) to this Section 9 shall survive termination of this Agreement.

10. Delivery/Title/Risk of Loss. Delivery, passage of title and risk of loss of the product(s) covered by this Agreement shall be as set forth in the attached Commodity Schedule.

11. Taxes. It is agreed that any duty, tax, fee or other charge the Seller may be required to collect or pay under any law now in effect or hereafter enacted with respect to the production, manufacture, inspection, transportation, storage, sale, delivery or use of the product(s) covered by this Agreement shall be added to the prices to be paid by each Purchaser for product(s) purchased hereunder. If any Purchaser claims exemption from any of the aforesaid taxes, then such Purchaser shall furnish the Seller with a properly completed and executed exemption certificate in the form prescribed by the appropriate taxing authority in lieu of payment to such taxes or reimbursement of such taxes to the Seller.

12. Failure To Perform.

(a) Any delays in or failure of performance of any Party hereto shall not constitute default hereunder or give rise to any claims for damages if and to the extent that such delay or failure is caused by occurrences beyond the reasonable control of the affected Party which, by the exercise of reasonable diligence, said Party is unable to prevent or provide against, including, but not limited to, acts of God or the public enemy; expropriation or confiscation of facilities; compliance with any order or request of any governmental authority; acts of war, rebellion, terror, or sabotage or damage resulting therefrom; embargoes or other import or export restrictions; fires, floods, storms, explosions, accidents, or breakdowns; riots; strikes or other concerted acts of workers, whether direct or indirect; or any other causes whether or not of the same class or kind as those specifically above named. A Party whose performance is affected by any of the causes set forth in the preceding sentence shall give prompt written notice thereof to the other Parties.

(b) The Seller shall be under no obligation to make deliveries hereunder at any time when in the Seller's sole judgment it has reason to believe that such delivery would likely cause strikes to be called against it or cause its properties to be picketed.

(c) The Seller shall not be required to make up deliveries omitted on account of any of the causes set forth in subparagraph (a) above.

(d) Nothing in this Section 12 shall excuse the Purchasers from (i) purchasing the quantity of product necessary to satisfy the Minimum Annual Purchase Requirement as set forth in Section 5(b) if Seller is able to deliver motor fuel to the Purchasers and (ii) making payment when due for deliveries made under this Agreement.

13. Determination of Quantity and Quality. The quantity and quality of product(s) sold hereunder shall be for all purposes conclusively deemed to be the quantity and quality set forth in the Seller's document of delivery unless, within seventy-two (72) hours of the time of delivery, any Purchaser delivers to the Seller written notice of any claimed shortage in quantity or claimed deviation in quality, or where discovery of any such shortage or deviation could not reasonably have been discovered by careful inspection at the time of delivery, within three (3) days after discovery. Such Purchaser's written notice, or the absence thereof, shall be conclusive with respect to the fact of and the time and date of notice under this Section 13. Time is of the essence in complying with this provision.

14. Trademarks.

(a) Subject to the approval of the applicable Supplier, the Seller grants to each Purchaser the non-exclusive right to use the applicable Supplier's Proprietary Marks at the Retail Sites in connection with the advertising, marketing, and resale of the branded petroleum products purchased from the Seller under this Agreement. Each Purchaser agrees that with respect to any Retail Site where it sells branded product, petroleum products of other suppliers or unbranded products will not be sold by such Purchaser under such Supplier's Proprietary Marks. Each Purchaser understands, acknowledges, and agrees that any Supplier may promulgate from time to time standards, policies, guidelines, procedures, marketing programs and other requirements ("**Image and Operations Guidelines**") regarding image, signage, appearance, station operations, and other matters related to the sale of motor fuels under the Proprietary Marks of such Supplier. Each Purchaser shall, at its own expense, comply fully with the Image and Operations Guidelines of the Suppliers and cause its employees to do the same.

(b) Subject to each Purchaser's approval, the Seller shall have the right to substitute the Proprietary Marks of any new supplier for the Proprietary Marks of any existing Supplier for any Retail Site (each such substitute, a "**Substituted Supplier**").

(c) Upon sixty (60) days' advance written or electronic notice to the Seller, each Purchaser may request a change of brand at any Retail Site by submitting a Supply Change Request as noted in Section 3(b) above. The Seller shall use commercially reasonable efforts to obtain authorization from the Supplier for such brand change. If brand authorization is not obtained, the Seller shall either (i) continue supplying the existing brand, or (ii) supply unbranded product, subject to the applicable Purchaser reimbursing the Seller for any costs incurred by the Seller as the result of any such rebranding (or attempted rebranding).

(d) Any costs related to branding a Retail Site will be at the expense of each Purchaser, and any penalties or costs, including, but not limited to, image repayment or recapture obligation, incurred by the Seller as the result of debranding a site will be passed through to each Purchaser.

(e) Upon termination, nonrenewal, or expiration of this Agreement or prior thereto upon demand by the Seller or the Supplier, each Purchaser's right to use the Proprietary Marks will terminate, and such Purchaser shall discontinue the posting, mounting, display or other use of the Supplier's Proprietary Marks. In the event that such Purchaser fails to do so to the satisfaction of the Seller or the applicable Supplier, subject to applicable law, the Seller and the Supplier (i) shall have the right to cause any and all signage, placards, and other displays bearing the Proprietary Marks to be removed from the Retail Sites; and (ii) shall have the right to use any means necessary to remove, cover or obliterate the Proprietary Marks, including entry to the Retail Sites to do so. In the event the Seller or the Supplier take any such action hereunder, such Purchaser shall bear all costs and expenses thereof, including without limitation the costs of removing, obliterating, or covering the Proprietary Marks and attorney fees and other legal costs and expenses. Under no circumstances will the Purchasers display signage bearing the Proprietary Marks of the Supplier at any Retail Site without the prior written approval of the Seller.

(f) Each Purchaser acknowledges and understands that it is not an owner or a licensee of the Proprietary Marks. None of the Purchasers shall mix, commingle, blend, adulterate, or otherwise change the composition of any of the product(s) purchased hereunder and resold by such Purchaser at a particular Retail Site under said Proprietary Marks of the Supplier of such Retail Site with other products or substances in any manner.

(g) The Seller and the Supplier are hereby given the right to enter the Retail Sites to examine at any time, and from time to time, the contents of each Purchaser's tanks or containers in which said product(s) purchased hereunder are stored and to take samples therefrom, and if in the opinion of the Seller or the Supplier any samples thus taken are not said product(s) and in the condition in which delivered by the Seller to such Purchaser then the Seller may at its option terminate this Agreement.

(h) None of the Purchasers shall take any action, or otherwise do anything, or fail to do anything that will diminish, reduce, injure, dilute, or otherwise damage the value of the Proprietary Marks or trademarks or other identifications of the Supplier.

15. Inspection of Records; Audit. The Seller and the applicable Supplier have a right to inspect each Purchaser's operation of the businesses at the Retail Sites and to verify that such Purchaser is complying with (a) all its contractual obligations contained in this Agreement; and (b) all federal, state and local laws and regulations pertaining to the environmental protection and trademark use. Each Purchaser shall permit the Seller and the applicable Supplier to enter the Retail Sites unimpeded to review and audit all station records including, but not limited to, all records of deliveries, sales and inventory reconciliation, to take samples of motor fuels stored at the Retail Sites, and to inspect equipment. The Seller and the applicable Supplier may, at any reasonable time and without prior notice, conduct a walk through and visual inspection of the Retail Sites.

16. Customer Service and Complaints. While using the Proprietary Marks, each Purchaser shall render appropriate, prompt, efficient, courteous service at the Retail Sites to such Purchaser's customers for such product(s) and respond expeditiously to all complaints of such customers, making fair adjustment when appropriate.

17. Quality, Specification or Name of Product. From time to time, any Supplier may change the quality, grade, specifications, or availability of motor fuels covered by this Agreement and in such event the Seller may change or alter the quality, grade or specifications. The Seller may, in its discretion, upon giving notice to the Purchasers, either change or alter (a) the quality, grade, or specifications of any product(s) covered by this Agreement or (b) the availability of any such product(s). Any such change or discontinuation shall not affect the purchase requirements set forth in the Commodity Schedule attached hereto. The Seller shall give the Purchasers written notice of discontinuance of the manufacture of any product(s) covered by this Agreement. This Agreement shall terminate as to such discontinued product(s) when such notice is effective.

18. Assignment. None of the Parties shall transfer or assign its interest in this Agreement, in whole or in part, directly or indirectly, without the prior written consent of the other Parties.

19. Waiver. A Party may not waive the provisions of this Agreement except by a written instrument executed by that Party. No failure or delay in exercising any right, power or privilege or requiring the satisfaction of any condition hereunder, and no course of dealing between the Parties operates as a waiver or estoppel of any right, remedy or condition. No single or partial exercise of any right or remedy under this Agreement precludes any simultaneous or subsequent exercise of any other right, power or privilege. The rights and remedies set forth in this Agreement are not exclusive of, but are cumulative to, any rights or remedies now or subsequently existing at law, in equity or by statute. No waiver by any Party of any breach of any of the covenants or conditions herein contained to be performed by the other Parties shall be construed as a waiver of any succeeding breach of the same or any other covenant or condition. No assignment or transfer shall affect the continuing primary liability of the Purchasers (which liability, following assignment or transfer shall be joint and several with the assignee). No consent to any of the foregoing shall operate as a waiver in any subsequent instance.

20. Environmental Compliance.

(a) Each Purchaser is and shall remain informed about and comply with all local, state and federal laws, statutes, regulations and ordinances related to environmental protection or compliance relevant to such Purchaser's operations at the Retail Sites, whether currently in effect or which may come into effect in the future, including, where applicable, obligations imposed on the "owner" and "operator" of an underground storage tank system ("UST"). Each Purchaser acknowledges that it is aware of hazards or risks in handling or using motor fuel products. Each Purchaser shall maintain compliance with all safety and health related governmental requirements concerning each product and shall take such steps as are reasonable and practicable to inform its employees, agents, contractors and customers of any hazards or risks associated with such product.

(b) Each Purchaser shall comply with all applicable local, state and federal UST compliance requirements, whether currently in effect or which may come into effect in the future, including, but not limited to: (i) required inspections of any release detection equipment for USTs and product lines; (ii) required inspections of any automatic tank gauging equipment; and (iii) maintenance and required inspections of any vapor recovery equipment.

(c) Each Purchaser shall make accurate daily physical measurement of all products stored in USTs and perform accurate daily and monthly reconciliation of such measurements with metered sales and product deliveries in accordance with the Seller, state, local and federal requirements. Each Purchaser shall develop and maintain accurate written records of the daily physical product measurements and daily and monthly reconciliation. Each Purchaser shall immediately notify the Seller and any appropriate local, state or federal governmental agency after discovery of any inventory loss or other condition which may be the result of a leaking UST or other equipment failure. Each Purchaser shall immediately investigate and undertake all appropriate initial abatement and other emergency measures to contain, treat, mitigate and/or remediate a discharge, spill, or release of motor fuels or other petroleum products at the Retail Sites. The Purchasers and the Seller shall cooperate at all times during any such investigation or remedial activity.

(d) Each Purchaser is and shall remain informed about and comply with all applicable local, state and federal requirements related to the generation, handling, transportation, treatment, storage and/or disposal of solid or hazardous wastes. Each Purchaser also shall implement appropriate recycling, waste management and waste minimization practices and procedures as necessary to remain in compliance with all applicable local, state and federal environmental protection and compliance requirements.

(e) Each Purchaser agrees that representatives of the Seller shall be permitted to enter upon the Retail Sites from time to time to perform physical measurements and reconciliation of product stored in USTs and to inspect and/or test any equipment and records used for complying with any local, state, or federal environmental protection or environmental compliance requirements, including, but not limited to, such Purchaser's reconciliation and inspection records. However, the Seller is not obligated to make any such inspections or tests.

(f) Each Purchaser shall properly maintain all USTs, hoses, connections, and associated equipment at the Retail Sites. The Seller may, without liability to each Purchaser, refuse to make delivery of motor fuels covered under this Agreement if the Seller believes any UST, hose, connection, or associated equipment is not safely maintained or in compliance with applicable safety standards. The Purchasers may not use the UST at the Retail Sites including, without limitation, the associated product lines, hoses, and motor fuel dispensing equipment, during the life of this Agreement for any purpose other than the storage, handling, marketing, and distribution of the Seller's petroleum products.

(g) Each Purchaser shall indemnify, defend, protect and hold the Seller, its employees, officers, directors, managers, partners, equity holders, agents and affiliates harmless from and against any and all liabilities, losses, obligations, claims, damages (consequential or otherwise), penalties, suits, actions, judgments, costs and expenses (including attorneys' fees) of whatever nature for personal injury (including death) of persons (including, without limitation, agents and employees of the Seller or such Purchaser) or property damage (including, without limitation, damage to the property of the Seller or such Purchaser), which may be imposed on, incurred by or asserted against the Seller directly or indirectly, (i) caused in whole or in part by such Purchaser's failure to comply with the terms of this Section 20 or with any local, state or federal law, statute, regulation or ordinance, whether currently in effect or which may come into effect, related to environmental protection or environmental compliance, including those relating to such Purchaser's USTs, or (ii) for any releases or discharges of petroleum products into the environment caused, in whole or in part, by the acts or omissions of such Purchaser, its employees, agents, contractors, customers, licensees, or invitees. This indemnity in no way limits, and is intended to be within the scope of, the general indemnity set forth in Section 8 hereof. The terms and provisions of this Section 20 shall survive the expiration, nonrenewal, or termination of this Agreement.

21. Notices. All written notices required or permitted to be given by this Agreement may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered and shall be deemed to be duly given if delivered personally or sent by certified or overnight mail to the address set forth above or to such other address as may be furnished by any Party to the other in writing in accordance with the provisions of this Section. The date of mailing shall be deemed the date of giving such notice, except for notice of change of address, which must be received to be effective.

22. Equipment. Each Purchaser shall provide all necessary buildings, improvements, equipment, tools, and like appliances for the sale of motor fuels at any location of such Purchaser.

23. Termination.

(a) The term of this Agreement shall begin on the Effective Date and shall end on the date that is **ten (10)** years from the Effective Date (“**Initial Term**”), and, unless the Seller notifies CST Services and the Purchasers in writing not less than one hundred eighty (180) days prior to the expiration of the Initial Term, this Agreement will renew for an additional five (5) year term (“**Rollover Term**”) and will continue to renew for additional five (5) year terms unless the Seller sends a notice of non-renewal to CST Services and the Purchasers, not later than ninety (90) days prior to the expiration of any Rollover Term.

(b) This Agreement shall terminate as specifically set forth in any section of this Agreement. The Seller may suspend deliveries to any Purchaser if: (i) such Purchaser becomes insolvent or commits an act of bankruptcy or takes advantage of any law for the benefit of debtors or the Purchaser’s creditors, or if a receiver is appointed for such Purchaser; (ii) any Purchaser breaches any provision of this Agreement, including without limitation failure to pay in a timely manner any sums due, failure to comply with other section(s) of this Agreement or any portion thereof, or upon assignment of this Agreement by the Purchasers contrary to Section 18 hereof; or (iii) such Purchaser loses its charter or is otherwise prevented from doing business in accordance with applicable law. The Seller may terminate this Agreement if CST Services fails to cause the Purchasers in the aggregate to purchase the quantity of product necessary to satisfy the Minimum Annual Purchase Requirement as set forth in Section 5(b),

(c) With one hundred eighty (180) days’ advance written notice, CST Services may terminate this Agreement if the Seller fails to cure a material breach within thirty (30) days of being notified in writing by CST Services of such breach.

(d) Upon a Supplier’s revocation of the Seller’s right to use or grant the use of its Proprietary Marks, the Seller may, upon sixty (60) days’ prior notice, terminate such affected Retail Sites from this Agreement, substitute another supplier’s Proprietary Marks at the applicable Purchaser’s expense at such affected Retail Sites or supply unbranded products at such affected Retail Sites. The Seller will not be liable for the consequences of such loss.

(e) Each Purchaser agrees not to engage in or permit any illegal or improper act or conduct, on or about the Retail Sites, which act or conduct is detrimental to the Seller or any member of the public. Subject to any other requirements of law, at the option of the Seller, the Seller may cease deliveries to the applicable Retail Sites until the illegal acts or conduct have been remedied to the satisfaction of the Seller and the Supplier or terminate this Agreement with respect to the applicable Retail Sites without further notice, (i) upon the failure of such Purchaser to desist from any such further acts or conduct after notice from the Seller to do so, or (ii) upon such Purchaser’s failure to pay any amount when and as due within forty-eight (48) hours of notice of such, and no forbearance, course of dealing, or prior payment shall affect these rights of termination.

(f) Upon termination hereof or of the Seller's right to use or grant the use of the Supplier's Proprietary Marks, the Seller or the applicable Supplier shall have the right, at its option, to enter upon the Retail Sites and to debrand, remove, paint out, or obliterate any signs, symbols or colors on said Retail Sites as to any of the Supplier's trademarks or on the buildings or equipment thereof which in the Seller's opinion would lead a patron to believe that such Supplier's products are being offered for sale at the Retail Sites.

(g) Termination hereof by any Party for any reason shall not relieve any Party of any obligation theretofore accrued under this Agreement.

24. Purchaser's Insurance Requirements. CST Services shall cause each Purchaser to obtain insurance of the type and coverage amounts that the Seller may reasonably require from time to time consistent with past practices of such Purchaser. All such insurance will name the Seller and the applicable Supplier as additional insureds and will be primary as to any other existing, valid and collectible insurance. If the Seller so requires, each Purchaser shall furnish the Seller with certificates of such insurance that provide that coverage will not be canceled or materially changed prior to thirty (30) days' advance written notice to the Seller. The insurance required hereunder in no way limits or restricts such Purchaser's obligations under the law or this Agreement as to indemnification of the Seller.

25. Nature of Agreement/No Third Party Beneficiary.

(a) In consideration of the granting and execution of this Agreement, it is agreed that there shall be no contractual obligation to extend or renew the period or terms of this Agreement in any way, and the Parties agree that this Agreement shall not be considered or deemed to be any form of "joint venture" or "partnership" at the Retail Sites or elsewhere.

(b) This Agreement is personal to the Parties and is intended for the sole use and benefit of the Parties. Nothing contained herein shall be deemed, interpreted, or construed to create, or express any intent to create, third party beneficiary rights in favor of any person or entity, except for any indemnified party (or other person entitled to be indemnified pursuant to this Agreement), and the Seller and the Purchasers specifically state and agree that no such intent exists.

26. Compliance with Laws. Without limitation of Section 20 above, each Purchaser shall comply with all laws, statutes, regulations, ordinances, and rules of all applicable governmental authorities with respect to the operation of its business at the Retail Sites. The Parties intend not to violate statutory or common law and if any section, sentence, paragraph, clause or combination of same is in violation of any law, such sentence, paragraph, clause or combination of same shall be inoperative and the remainder of this Agreement shall remain binding upon the Parties hereto.

27. Express Warranties. The Seller warrants that the product(s) supplied hereunder will conform to the promises and affirmations of fact made in the Seller's current technical literature and printed advertisements, if any, related specifically to such product(s); that it will convey good title to the product(s) supplied hereunder, free of all liens, and that the product(s) supplied hereunder meet such specifications as have been expressly made a part of this Agreement. THE FOREGOING WARRANTIES ARE EXCLUSIVE AND ARE IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL OR IMPLIED. THE WARRANTY OF MERCHANTABILITY, IN OTHER RESPECTS THAN EXPRESSLY SET FORTH HEREIN, AND WARRANTY OF FITNESS FOR PARTICULAR PURPOSE, IN OTHER RESPECTS THAN EXPRESSLY SET FORTH HEREIN, ARE EXPRESSLY EXCLUDED AND DISCLAIMED.

28. Non-Exclusive Territory. Nothing in this Agreement grants any Purchaser an exclusive territory to market and resell any petroleum products. The Seller reserves the right to market and sell, and authorize others to market and sell, petroleum products in any manner the Seller chooses, including through its own retail outlets or through designated wholesalers or other retailers.
29. Entire Agreement. This Agreement cancels and supersedes all prior written and unwritten agreements, promises, and understandings between the Parties pertaining to the matters covered under this Agreement, except any indebtedness owed to the Seller by any Purchaser, and is a final, complete and exclusive statement of the agreement between the Seller and the Purchasers. This Agreement may be modified only by a writing signed by the Parties or their duly authorized agent. THERE ARE NO ORAL UNDERSTANDINGS, REPRESENTATIONS OR WARRANTIES AFFECTING IT. EXECUTION OF THIS AGREEMENT BY PURCHASER IS AN ACKNOWLEDGEMENT THAT NO REPRESENTATIONS NOT SET FORTH IN WRITING HEREIN HAVE BEEN MADE OR RELIED UPON BY THE PURCHASERS.
30. Damages. NO CLAIM SHALL BE MADE UNDER THIS AGREEMENT FOR SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES.
31. Commencement. Neither this Agreement nor any modification thereof shall be binding on the Seller until and unless signed by an authorized representative of the Seller. Commencement of performance hereunder prior to signing as above stipulated in no case shall be construed as a waiver by the Seller of this requirement.
32. Accord. The Parties have discussed the provisions of this Agreement and find them fair and mutually satisfactory and further agree that in all respects the provisions are reasonable and of material significance to the relationship of the Parties hereunder.
33. Joint and Several Obligations. All acknowledgments, representations, warranties, debts, and obligations of performance of any Purchaser under this Agreement are made, and binding on all those signing this Agreement, jointly and severally as the Purchasers.
34. Successors and Assigns. This Agreement binds and benefits the Purchasers and the Seller and their respective permitted successors and assigns.
35. Severability. If any provision of this Agreement is determined by a court or arbitrator to be invalid, illegal or unenforceable, the remaining provisions of this Agreement shall remain in full force if the essential terms and conditions of this Agreement for each Party remain valid, binding and enforceable. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as enforceable.

36. Counterparts. The Parties may execute this Agreement in multiple counterparts, each of which constitutes an original, and all of which constitute only one agreement. The signatures of all of the Parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile or other electronic transmission is as effective as executing and delivering this Agreement in the presence of the other parties to this Agreement. This Agreement is effective upon delivery of one executed counterpart from each Party to the other Parties.

37. Governing Law. The laws of the State of Texas (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this Agreement and all of the transactions it contemplates, including without limitation its validity, interpretation, construction, performance (including the details of performance) and enforcement.

38. Survival. Sections 8, 20, 21, 26, 27, 30 and 38 shall survive the execution and delivery and termination or expiration of this Agreement.

39. Headings. The descriptive headings of the articles, sections and subsections of this Agreement are for convenience only and do not constitute a part of this Agreement.

[Signature Page Follows.]

This Agreement shall be effective as of January 1, 2015 (the “**Effective Date**”).

SELLER: CST Marketing and Supply LLC

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: CST Services LLC

By: /s/ Kimberly S. Lubel

Print Name: Kimberly S. Lubel

Title: Chief Executive Officer and President

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: **Big Diamond, LLC**

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Big Diamond Number 1, LLC

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: CST Metro LLC

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: CST Shamrock Stations, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: **Signor Number 5, Inc.**

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Signor Number 43, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: **Signor Number 79, Inc.**

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sigmor Number 80, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sigmor Number 103, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sigmor Number 105, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sigmor Number 119, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sigmor Number 178, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sigmor Number 196, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sigmor Number 238, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: **Signor Number 259, Inc.**

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sigmor Number 422, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sigmor Beverage, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Valley Shamrock, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: CST Arizona Stations, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: CST Arkansas Stations, LLC

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Skipper Beverage Company, LLC

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: CST California Stations, Inc.

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

PURCHASER: Sunshine Beverage Company

By: /s/ Gérard J. Sonnier

Print Name: Gérard J. Sonnier

Title: Senior Vice President, Secretary and General Counsel

[Signature Pages to Fuel Distribution Agreement]

COMMODITY SCHEDULE

This Commodity Schedule is attached to, and made a part of, a Fuel Distribution Agreement dated January 1, 2015 (the “**Agreement**”). Unless otherwise indicated, the capitalized terms used in this Commodity Schedule shall have the same meaning used in the Agreement.

1. **Products.** All motor fuel products allowed by law to be sold to the general public including branded (to the extent the Seller may obtain such branded product) and unbranded motor fuels and shall include, but not limited to, unleaded gasoline, plus unleaded gasoline, supreme unleaded gasoline, diesel fuel, ethanol, biodiesel, diesel exhaust fluid. Gasoline products shall include conventional, reformulated and ethanol blended motor fuels.
2. **Quantity.** All of the Purchasers’ requirements for product, for delivery upon reasonable notice to the Seller at the Retail Sites or as otherwise directed in writing by the applicable Purchaser. In addition, CST Services shall cause the Purchasers in the aggregate to purchase the quantities of product necessary to satisfy the Purchasers’ Minimum Annual Purchase Requirement as set forth in Section 5(b) of the Agreement.
3. **Delivery.** Delivery shall be complete on unloading of the tank wagon or transport truck.
4. **Title.** Title to motor fuel covered under the Agreement shall pass to each Purchaser as it is delivered to such Purchaser’s tanks or other storage containers.
5. **Risk of Loss.** Risk of loss of motor fuel shall pass to each Purchaser as it is delivered to such Purchaser’s tanks or other storage containers.
6. **Inspection.** Each Purchaser shall have the right, at its expense, to have an inspection made at delivery point, provided such inspection shall not delay shipment. Should such Purchaser fail to make inspection, it shall accept the Seller’s inspection and measurement.
7. **Price.** The price per gallon to be paid by each Purchaser shall be the Seller’s net delivered price per gallon and all applicable taxes and all costs, including State loading and environmental fees, if any, plus the Seller’s Margin per gallon. The Seller’s net delivered price per gallon shall be determined in a manner similar to past practice. All prices charged by the Seller are subject to the provisions of applicable law.

Seller’s Margin for volumes purchased pursuant to this Agreement shall be equal to five and one one-tenths cents (\$0.051) per gallon for all volumes sold under this Agreement.

**Lehigh Gas Partners LP 2012 Incentive Award Plan
Award Agreement for Phantom Units
For Executive Officers**

Grantee: _____

Grant Date: _____

Number of Phantom Units: _____

1. **Grant of Phantom Units.** CrossAmerica GP LLC, a Delaware limited liability company, the general partner (“General Partner”) of CrossAmerica Partners LP, a Delaware limited partnership (the “Partnership”), hereby grants to you an award (“Award”) of Phantom Units under the Lehigh Gas Partners LP 2012 Incentive Award Plan, as the same may be amended from time to time (the “Plan”), which are subject to the terms and conditions set forth herein and in the Plan, which is incorporated herein by reference as a part of this Award Agreement (the “Agreement”). A Phantom Unit represents a notional Unit granted under the Plan which upon vesting entitles you to receive a Unit, an amount of cash equal to the Fair Market Value of a Unit, or a combination of cash and Units, as determined by the Committee in its sole discretion. Phantom Units are not actual Units, no Units shall be issued at the time the Award is made, and the Award shall not convey any of the rights or privileges or voting rights of a unitholder or limited partner of the Partnership with respect to any Phantom Units. This Award includes tandem Distribution Equivalent Rights (“DERs”), which entitle the Participant to receive, with respect to each Phantom Unit, so long as the underlying Phantom Unit has not either vested or been forfeited, an amount in cash equal to the distributions per Unit made by the Partnership on its outstanding Units. In the event of any conflict between the terms of this Agreement and the Plan, the Plan shall control. Capitalized terms used in this Agreement but not defined herein shall have the meanings ascribed to such terms in the Plan, unless the context requires otherwise. References to “Section” herein, unless otherwise specified, refer to the Sections of this Agreement.

2. **Vesting of Phantom Units.**

 The Phantom Units shall be unvested at issuance, and subject to Section 2(b) and Section 4 below, shall become vested and non-forfeitable in three, equal annual installments beginning with the first anniversary of the Grant Date, provided you have remained in Continuous Service from the Grant Date through each applicable vesting date.
 If on an applicable vesting date the application of the above vesting schedule results in a fractional Phantom Unit being vested, the number of Phantom Units vesting on such date shall be rounded up to the next whole number of Phantom Units.

3. **Administration.** The Committee shall have the sole and complete discretion to administer, interpret and construe the Plan and this Agreement with respect to a Participant, and to determine any and all questions and issues arising with respect to the Plan and this Agreement. Any decision of the Committee concerning the Plan or this Agreement shall be final and binding on you.

4. **Events Occurring Prior to Full Vesting.**

(a) **Death or Disability.** If your Continuous Service terminates as a result of your death or Disability, the unvested Phantom Units then remaining automatically will become fully vested upon such termination of Continuous Service.

(b) **Other Terminations.** If your Continuous Service terminates for any reason other than as provided in Section 4(a), unless otherwise determined by the Committee or its delegate, the Phantom Units then remaining automatically shall be forfeited without payment upon such termination of Continuous Service.

5. **Payments.** (a) Subject to Section 8, as soon as reasonably practical and not later than 30 days following the applicable vesting date, the Partnership shall pay you, with respect to each vested Phantom Unit, one Unit, unless the Committee, in its discretion, elects to pay you an amount of cash equal to the Fair Market Value of a Unit determined on such vesting date. If more than one Phantom Unit vests at the same time, the Partnership may pay such vested Phantom Units in any combination of Units and cash as the Committee, in its discretion, elects. (b) **Payment of DERs.** The Participant is entitled to receive from the General Partner, with respect to each Phantom Unit that has not either vested or been forfeited, cash payments equal to the distributions per Unit made by the Partnership on its outstanding Units, in each case promptly following (and in no event more than 30 days after) each such distribution made by the Partnership. Upon the forfeiture or vesting of the underlying Phantom Unit, the associated DER will automatically expire and no further payments shall be made with respect to such DER, except with respect to amounts not yet paid with respect to distributions on Units made prior to the date of such forfeiture or vesting.

6. **Limitations upon Transfer.** All rights under this Agreement shall belong to you alone and may not be transferred, assigned, pledged, or hypothecated by you in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution and shall not be subject to execution, attachment, or similar process. Upon any attempt by you to transfer, assign, pledge, hypothecate, or otherwise dispose of such rights contrary to the provisions in this Agreement or the Plan, or upon the levy of any attachment or similar process upon such rights, such rights shall immediately become null and void.

7. **Restrictions.** By accepting this Award, you agree that any Units that you may receive upon vesting of this Award will not be sold or otherwise disposed of in any manner that would constitute a violation of any applicable federal or state securities laws. You also agree that (i) the certificates representing the Units acquired under this Award may bear such legend or legends as the Committee deems appropriate in order to assure compliance with applicable securities laws, (ii) the Partnership may refuse to register the transfer of the Units acquired under this Award on the transfer records of the Partnership if such proposed transfer would in the opinion of counsel satisfactory to the General Partner constitute a violation of any applicable securities law, and (iii) the Partnership may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Units to be received under this Agreement.

8. **Withholding of Taxes.** If the grant, vesting or payment of a Phantom Unit or DERs results in the receipt of compensation by you with respect to which the General Partner or an Affiliate has a tax withholding obligation pursuant to applicable law, the General Partner or an Affiliate shall withhold (or net) such cash and number of unrestricted Units otherwise payable to you as the General Partner or an Affiliate requires to meet its tax minimum statutory withholding obligations under such applicable laws.
9. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Partnership and upon any person lawfully claiming under you.
10. **Amendment.** The General Partner may amend or terminate the Plan and any instrument hereunder (including this Agreement) at any time, in whole or in part, and for any reason; provided, however, that except as to the extent necessary to comply with applicable laws and regulations (including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or any SEC rule) and to conform the provisions of this Agreement to any changes thereto, no such amendment or termination shall adversely affect the rights of a Participant with respect to Awards granted to the Participant prior to the effective date of such amendment or termination.
11. **Nature of Payments.** The Phantom Units, and payments made pursuant to the Phantom Units are not a part of salary or compensation paid or payable by the General Partner or its Affiliates for purposes of any other benefit or compensation plan or otherwise.
12. **Severability.** If a particular provision of the Plan or this Agreement shall be found by final judgment of a court or administrative tribunal of competent jurisdiction to be illegal, invalid or unenforceable, such illegal, invalid or unenforceable provisions shall not affect any other provision of the Plan or this Agreement and the other provisions of the Plan or this Agreement shall remain in full force and effect.
13. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Phantom Units granted hereby. Without limiting the scope of the preceding sentence, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect.
14. **Governing Law.** This grant shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

THE UNDERSIGNED GRANTEE ACKNOWLEDGES RECEIPT OF THIS AWARD

**AGREEMENT AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF PHANTOM UNITS AND
DERS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS AWARD AGREEMENT AND THE PLAN.**

Grantee

Signature: _____

Name: _____

Dated: _____

CrossAmerica GP LLC

Joseph V. Topper, Jr.
CEO

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph V. Topper, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of CrossAmerica Partners LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2015

/s/ Joseph V. Topper, Jr.

Joseph V. Topper, Jr.

Chief Executive Officer

CrossAmerica GP LLC

(as General Partner of CrossAmerica Partners LP)

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Clayton E. Killinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CrossAmerica Partners LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2015

/s/ Clayton E. Killinger

Clayton E. Killinger
Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of CrossAmerica Partners LP (the "Partnership") for the quarter ended June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph V. Topper, Jr., Chief Executive Officer of CrossAmerica GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 7, 2015

/s/ Joseph V. Topper, Jr.

Joseph V. Topper, Jr.

Chief Executive Officer

CrossAmerica GP LLC

(as General Partner of CrossAmerica Partners LP)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1964, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of CrossAmerica Partners LP (the "Partnership") for the quarter ended June 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Clayton E. Killinger, Executive Vice President and Chief Financial Officer of CrossAmerica GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 7, 2015

/s/ Clayton E. Killinger

Clayton E. Killinger
Executive Vice President and Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1964, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.