

**PROSPECTUS SUPPLEMENT**  
(To Prospectus dated December 4, 2013)



**4,600,000 Common Units**  
**Representing Limited Partner Interests**

We are selling 4,600,000 common units representing limited partner interests in us, or “common units,” including approximately 17,200 common units to certain of our directors. Our common units are listed on the New York Stock Exchange (the “NYSE”) under the symbol “CAPL.” The last reported sale price of our common units on the NYSE on June 15, 2015 was \$32.99 per common unit.

**Investing in our common units involves risks. You should consider the risks described in “[Risk Factors](#)” beginning on page S-16 of this prospectus supplement and on page 7 of the accompanying base prospectus before buying our common units.**

	<u>Per Common Unit</u>	<u>Total</u>
Public offering price	\$ 31.45	\$ 144,670,000
Underwriting discounts and commissions(1)	\$ 1.26	\$ 5,774,328
Proceeds to us (before offering expenses)(1)	\$ 30.19	\$ 138,895,672

- (1) The underwriters will receive no underwriting discount or commission on the sale of the approximately 17,200 common units to certain of our directors and an officer of an affiliate.

The underwriters may purchase up to an additional 690,000 common units from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any other state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units to purchasers on or about June 19, 2015.

*Joint Book-Running Managers*

**BofA Merrill Lynch**

**Barclays**

**J.P. Morgan**

**Raymond James**

**RBC Capital Markets**

*Co-Managers*

**Baird**

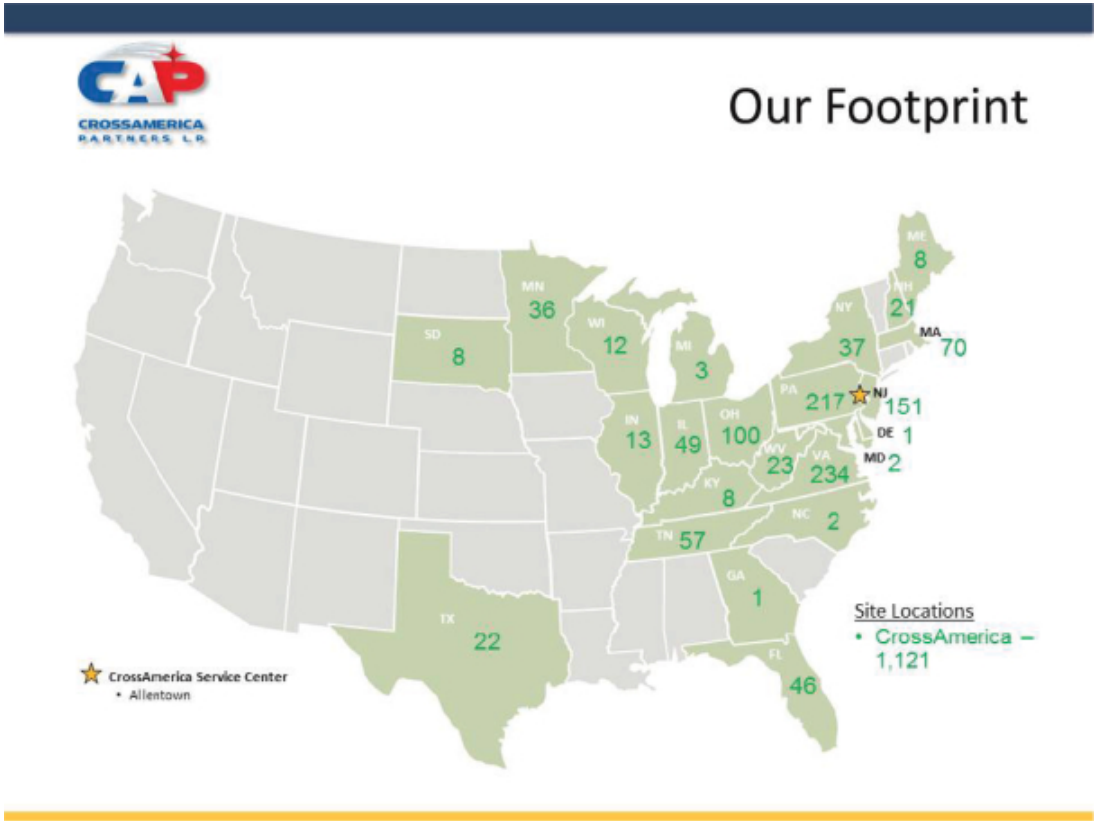
**Janney Montgomery Scott**

**Oppenheimer & Co.**

**Stephens Inc.**

The date of this prospectus supplement is June 16, 2015.

Sites where CrossAmerica Partners LP Supplies Motor Fuels as of March 31, 2015



**TABLE OF CONTENTS**

**Prospectus Supplement**

	<u>Page</u>
<a href="#">Cautionary Statement Regarding Forward-Looking Statements</a>	S-iii
<a href="#">Industry and Market Data</a>	S-v
<a href="#">Summary</a>	S-1
<a href="#">Risk Factors</a>	S-16
<a href="#">Use of Proceeds</a>	S-18
<a href="#">Capitalization</a>	S-19
<a href="#">Price Range of Common Units and Distributions</a>	S-20
<a href="#">Material United States Federal Income Tax Consequences</a>	S-21
<a href="#">Underwriting</a>	S-35
<a href="#">Legal Matters</a>	S-39
<a href="#">Experts</a>	S-39
<a href="#">Where You Can Find More Information</a>	S-40

**Prospectus**

	<u>Page</u>
<a href="#">About This Prospectus</a>	1
<a href="#">Where You Can Find More Information</a>	2
<a href="#">Cautionary Statement Regarding Forward-Looking Statements</a>	3
<a href="#">About Lehigh Gas Partners LP</a>	5
<a href="#">About LGP Finance Corp</a>	6
<a href="#">Risk Factors</a>	7
<a href="#">Use of Proceeds</a>	8
<a href="#">Ratio of Earnings to Fixed Charges</a>	9
<a href="#">Description of the Common Units</a>	10
<a href="#">Description of the Other Classes of Units</a>	12
<a href="#">Description of the Debt Securities</a>	13
<a href="#">How We Make Distributions to Our Partners</a>	22
<a href="#">Conflicts of Interest and Fiduciary Duties</a>	34
<a href="#">The Partnership Agreement</a>	41
<a href="#">Material U.S. Federal Income Tax Consequences</a>	54
<a href="#">Investment by Employee Benefit Plans</a>	68
<a href="#">Plan of Distribution</a>	70
<a href="#">Legal Matters</a>	72
<a href="#">Experts</a>	72

---

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying base prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying base prospectus. The second part is the accompanying base prospectus, which gives more general information. Generally, when we refer to the prospectus, we are referring to both this prospectus supplement and the accompanying base prospectus. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying base prospectus, the information in this prospectus supplement controls. Before you invest in our common units, you should carefully read this prospectus supplement, the accompanying base prospectus, and the information contained in the documents incorporated by reference in this prospectus supplement and the accompanying base prospectus, including the risk factors under the heading “Risk Factors” in this prospectus and in Item 1A of our most recent Annual Report on Form 10-K.

[Table of Contents](#)

You should rely only on the information contained in this prospectus supplement, the accompanying base prospectus or any free writing prospectus prepared by or on behalf of us and the documents incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with information different from that contained in this prospectus. This prospectus is not an offer to sell or solicitation of an offer to buy our common units in any jurisdictions where the offer or solicitation is unlawful. Neither the delivery of this prospectus nor sale of our common units means that information contained in this prospectus supplement, the accompanying base prospectus and any free writing prospectus relating to this offering or the information we have previously filed with the Securities and Exchange Commission (the “SEC”) that is incorporated by reference herein is accurate as of any date other than its respective date. Our business, financial condition, results of operations and prospects may have changed since those dates. If any statement in one of these documents is inconsistent with a statement in another document having a later date—for example, a document incorporated by reference in this prospectus—the statement in the document having the later date modifies or supersedes the earlier statement.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement 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:

- our anticipated level of capital investments, primarily through third party acquisitions and drop down transactions with CST Brands, Inc. (“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 minimum quarterly distribution 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 regulations or governmental policies;
- future legislation and changes in regulations or governmental policies or changes in enforcement or interpretations thereof;
- future income tax legislation;

## Table of Contents

- 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, provincial and state regulations, including those related to environmental matters, the sale of alcohol, cigarettes and fresh foods, and employment laws and health benefits;
- our ability to successfully integrate the operations and employees of our acquisitions;
- CST's business strategy and operations and CST's conflicts of interest with us; and
- the ability of CST to successfully integrate our operations and employees.

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 for the year ended December 31, 2014 and the accompanying base prospectus, 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 prospectus supplement are made as of the date of this prospectus supplement. 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.

**INDUSTRY AND MARKET DATA**

The market data and certain other statistical information included in or incorporated by reference in this prospectus supplement are based on independent industry publications, government publications or other published independent sources. Some data is also based on our good faith estimates. Although we believe these third-party sources are reliable and that the information is accurate and complete, we have not independently verified the information.

## SUMMARY

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying base prospectus and in the documents incorporated herein by reference. You should read carefully the entire prospectus and the other documents incorporated herein by reference, as described under “Where You Can Find More Information,” before investing in our common units. The information presented in this prospectus supplement assumes that the underwriters’ option to purchase additional common units is not exercised unless otherwise noted. You should read “Risk Factors” beginning on page S-16 of this prospectus supplement and page 7 of the accompanying base prospectus and the other risk factors incorporated herein by reference for information about important risks that you should consider before buying our common units.*

*Unless the context indicates otherwise, references in this prospectus supplement to “our Predecessor” refer to the wholesale distribution business of Dunne Manning Stores LLC (formerly Lehigh Gas-Ohio, LLC), and real property and leasehold interests contributed to us in connection with our initial public offering (our “IPO”), which closed on October 30, 2012, by Joseph V. Topper, Jr., the Chief Executive Officer of our general partner and/or his affiliates. Unless the context indicates otherwise, references in this prospectus to the “Partnership,” “CrossAmerica,” “we,” “our,” “us,” or like terms refer to CrossAmerica Partners LP, a Delaware limited partnership (formerly Lehigh Gas Partners LP) and, where appropriate in context, to one or more of its subsidiaries, or all of them taken as a whole.*

*Unless the context indicates otherwise, references to our “general partner” refer to CrossAmerica GP, LLC (formerly Lehigh Gas GP), the general partner of CrossAmerica Partners LP. Unless the context indicates otherwise, references to “CST” refer to CST Brands, Inc., which acquired 100% of the membership interests in our general partner on October 1, 2014 (the “GP Purchase”). Since our general partner controls us, and CST controls our general partner, CST controls us.*

*In connection with the GP Purchase, Lehigh Gas Partners LP changed its name to CrossAmerica Partners LP effective October 1, 2014 and began trading on the New York Stock Exchange under the ticker symbol “CAPL” effective October 6, 2014. Accordingly, references in the accompanying base prospectus to Lehigh Gas Partners LP are to CrossAmerica Partners LP.*

*References to “LGO” refer to Dunne Manning Stores LLC (formerly Lehigh Gas-Ohio, LLC), a related party. All of LGO’s wholesale business was contributed to us in connection with the IPO. References to the “Topper Group” refer to Joseph V. Topper, Jr., collectively with those of his affiliates and family trusts that had ownership interests in our Predecessor, including Dunne Manning, Inc. (“DMI”) (formerly Lehigh Gas Corporation). A trust of which Joseph V. Topper Jr. is a trustee owns all of the outstanding stock of DMI. The Topper Group, including DMI, holds approximately 30% of our limited partner interests.*

*References to “lessee dealers” refer to third parties that operate sites that we own or lease and that we, in turn, lease to such third-party lessee dealers; “independent dealers” refer to third parties that own their sites or lease their sites from a landlord other than us; “sub-wholesalers” refer to third parties that elect to purchase motor fuels from us, on a wholesale basis, instead of purchasing directly from major integrated oil companies and refiners; and “commission sites” refer to sites where we operate the retail fuel operations and a third party, the “commission agent,” leases the site and operates the convenience store and other non-fuel operations and receives a fixed rate per gallon of motor fuel distributed to the retail consumer, a “commission.”*

### **CrossAmerica Partners LP**

We are a Delaware limited partnership formed to engage in the distribution of motor fuels, consisting of gasoline and diesel fuel, and to own and lease real estate used in the retail distribution of motor fuels. Our primary business objective is to make quarterly cash distributions to our unitholders and, over time, to increase



our quarterly cash distributions. 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.

We own and lease sites primarily located in prime locations with strong motor fuel demand. Our sites are located in Pennsylvania, New Jersey, Ohio, New York, Massachusetts, Kentucky, New Hampshire, Maine, Florida, Maryland, Delaware, Tennessee, Virginia, Illinois, Indiana and West Virginia. We also distribute motor fuel in Georgia and North Carolina. As a result of our acquisition of Erickson Oil Products, Inc. and convenience stores from Landmark Industries in 2015, we also own and lease sites in Minnesota, Michigan, Wisconsin, South Dakota and Texas. Based on the most recent data available from the Energy Information Agency, of the 23 states in which we distribute motor fuel, nine were among the top ten consumers of gasoline in the United States and eight were among the top ten consumers of on-highway diesel fuel in the United States for 2013.

We operate in two segments, wholesale and retail. Since our Predecessor was founded in 1992, we have generated revenues from the wholesale distribution of motor fuels to retail sites and from real estate leases. In the third quarter of 2013, we also began generating revenues through the retail distribution of motor fuels at sites operated by commission agents. In the second quarter of 2014, we began generating revenues from the operation of 87 convenience stores and rental income from nine branded, co-located quick-service restaurants.

We believe consistent demand for motor fuels in the areas where we operate and the contractual nature of our rent income provides a stable source of cash flow. Cash flows from the wholesale distribution of motor fuels are generated primarily by a per gallon margin that is either a fixed or variable mark-up per gallon, depending on our contract terms. By delivering most motor fuels through independent carriers on the same day we purchase the motor fuels from suppliers, we seek to minimize the commodity price risks typically associated with the purchase and sale of motor fuels.

For the year ended December 31, 2014, we were one of the ten largest independent distributors by volume in the United States for ExxonMobil, BP and Motiva. Approximately 95% of the motor fuels we distributed in the year ended December 31, 2014 were branded, including Chevron, Sunoco, Valero, Gulf and Citgo brands.

We also generate revenues from rent income primarily by collecting rent from lessee dealers, commission agents, CST and LGO pursuant to lease agreements. The terms of our lease agreements with the operators generally run concurrently with the terms of the wholesale supply agreements at the sites, and the lease agreements generally require the operators to purchase their motor fuel from us.

As of March 31, 2015, approximately 65% of the sites to which we distribute motor fuels were owned or leased by us. In addition, we have agreements requiring the operators of these sites to purchase motor fuels from us.

In the third quarter of 2013, we also began generating revenues from the retail distribution of motor fuels. As of March 31, 2015, we sold retail fuels at 222 sites. At 77 of these sites, we operate the retail fuel operations through a third-party commission agent and lease the non-fuel site operations to the commission agent. The commission agent pays rent to us for the use of the non-fuel related real and personal property at the site. The commission agent operates the non-fuel related operations at the site for its own account and receives from us a fixed rate per gallon of motor fuel distributed to the retail consumer. Beginning in the second quarter of 2014, we began directly distributing retail fuel at 87 convenience stores. In addition to retail fuel distribution at these sites, we also operate and generate revenues from the convenience stores and generate rental income from nine branded, co-located quick-service restaurants.

For the three months ended March 31, 2015, we distributed an aggregate of approximately 240.7 million wholesale and retail gallons of motor fuels. As of March 31, 2015, we distributed motor fuels to 1,121 sites, comprised of the following classes of trade:

- 387 sites operated by independent dealers;
- 43 sites owned by us and operated by CST;
- 199 sites owned or leased by us and operated by LGO;
- 277 sites owned or leased by us and operated by lessee dealers;
- 77 sites owned or leased by us and operated by commission agents; and
- 138 sites owned or leased and operated by us.

In addition, we distributed motor fuel to 16 sub-wholesalers and sold various other products to commercial and residential customers.

### **Business Strategies**

Our primary business objective is to make quarterly cash distributions to our unitholders and, over time, to increase our quarterly cash distributions by executing the following strategies:

- *Utilize our relationship with CST Brands to maintain and grow our cash flow.* We intend to acquire real estate, wholesale fuel distribution and related assets from CST that are expected to generate additional income. We also plan to pursue strategic business acquisition opportunities jointly with CST.
- *Expand within and beyond our core markets through acquisitions.* Since our IPO in October 2012 and through March 31, 2015, we completed eleven acquisitions, acquiring a total of 337 fee and leasehold sites for total consideration of \$488.3 million. We intend to continue to grow our business through strategic and accretive acquisitions of sites and wholesale distribution businesses both within our existing area of operations and in new geographic areas. We expect our relationship with CST will enhance our ability to execute acquisitions.
- *Own or lease sites in prime locations and seek to enhance the cash flow potential of these sites.* As of March 31, 2015, we owned or leased 741 sites that are primarily located in prime locations with strong motor fuel demand. These sites serve customers seeking convenient fueling locations on roads and intersections with heavy traffic. We constantly evaluate opportunities to enhance the cash flow potential of our sites. For example, at our sites we may install car washes, convert service bays into convenience stores or upgrade convenience stores to quick service restaurants. These enhancements improve our ability to charge increased rents and increase the wholesale distribution potential of these sites.
- *Increase our wholesale motor fuel distribution business by expanding market share.* As we seek to increase the number of sites we own and lease, we expect to have a commensurate increase in our wholesale distribution business due to the addition of these new sites. Furthermore, we believe that our standing in 2014 as a top ten independent distributor by volume in the United States for ExxonMobil, BP and Motiva enables us to capitalize on the reduction by major integrated oil companies of the number of wholesalers with which they do business. As smaller wholesale distributors experience difficulties purchasing motor fuels from major integrated oil companies and refiners, we have been able, and believe that we will continue to be able, to successfully target and sell motor fuels to these wholesalers on a sub-wholesaling basis.

- *Maintain strong relationships with major integrated oil companies and refiners.* Our relationships with suppliers of branded motor fuels are crucial to the operation and growth of our business. These relationships have allowed us to consistently negotiate supply agreements with competitive terms.
- *Manage risk by mitigating exposure to environmental liabilities.* In acquiring properties, we use environmental consultants to perform due diligence regarding the property to assess the exposure to risk of environmental contamination, if any. Typically, when an acquired site requires remediation, either the seller funds an escrow account for the cost to remediate the property, or the seller retains the obligation to remediate the property. We also seek to purchase environmental insurance policies to contain costs in the event that the escrowed amounts are inadequate or if there are unknown pre-existing conditions at a location discovered in the future. In addition, we participate in state programs, where available, that may also assist in funding the costs of environmental liabilities.

### **Competitive Strengths**

We believe the following competitive strengths will enable us to achieve our primary business objective:

- *Our relationship with CST.* CST, the owner of our general partner, is one of the largest independent retailers of motor fuel and convenience merchandise items in the United States and eastern Canada with approximately 1,900 locations as of March 31, 2015. In 2014, CST distributed 1.9 billion gallons of motor fuel at its over 1,000 sites within the United States.
- *Stable cash flows from real estate rent income and wholesale motor fuel distribution.* We generate revenue from rent at our sites and earn a per gallon margin on the wholesale distribution of motor fuels. We collect rent from the lessee dealers, commission agents, CST and LGO pursuant to lease agreements. We sell motor fuel on a wholesale basis to lessee dealers, independent dealers, commission agents, CST, LGO and sub-wholesalers. We receive a per gallon margin that is either a fixed mark-up per gallon or a variable rate mark-up per gallon. At sites we own or lease, the term of the supply agreement is generally concurrent with the term of our lease with the lessee dealer, CST or LGO. In addition, our wholesale contracts prohibit customers from purchasing motor fuels from other distributors. We believe that the contractual nature of our rent income and the consistent demand for motor fuel in the areas where we operate provide a stable source of cash flow.
- *Established history of acquiring sites and successfully integrating these sites and operations into our existing business.* We have grown our business from 11 owned sites in 2004 to 395 owned sites as of March 31, 2015. Since our IPO in October 2012 and through March 31, 2015, we have completed eleven acquisitions for a total of 337 fee and leasehold properties for total consideration of \$488.3 million. Our strong industry relationships, access to capital, ability to complete acquisitions and environmental risk management expertise have allowed us to find multiple sites and negotiate transactions that are on attractive terms. Furthermore, we have successfully integrated our acquisitions into our existing business by reducing overhead costs and realizing economies of scale associated with our wholesale distribution business.
- *Long-term relationships with major integrated oil companies and refiners.* We have established long-term relationships and supply agreements with companies that are among the largest suppliers of branded motor fuel in the United States. During 2014, our wholesale business purchased approximately 37%, 28% and 22% of its motor fuel from ExxonMobil (a supplier of ours since 2002), BP (a supplier of ours since 2009) and Motiva (a supplier of ours since 2004), respectively. Our prompt payment history and good credit standing with our suppliers allow us to receive certain term discounts on our fuel purchases, which increases the profitability of our wholesale distribution

business. We believe that these relationships and payment terms are not easily replicated by competitors in the markets we serve.

- *Prime real estate locations in areas with high traffic and considerable motor fuel consumption.* We derive our rent income from sites we own or lease that provide convenient fueling locations in areas that are densely populated. Based on the most recent data available from Energy Information Agency, of the 23 states in which we distribute fuel, nine were among the top ten consumers of gasoline and eight were among the top ten consumers of on-highway diesel fuel in the United States for 2013. Over 85% of our sites were located in high-traffic metropolitan and urban areas as of December 31, 2014. We believe that the limited availability of undeveloped real estate, particularly in the northeastern United States, presents a high barrier to entry for the development of competing sites.

### Recent Developments

#### Drop Down of Fuel Supply Interests and NTIs

On June 15, 2015, the Partnership entered into a Fuel Supply Contribution Agreement (the “Fuel Contribution Agreement”) with CST and CST Services LLC (“CST Services”), an indirect wholly owned subsidiary of CST, pursuant to which CST Services will contribute a 12.5% limited partner interest in CST Fuel Supply LP (“CST Fuel”) to the Partnership in exchange for aggregate consideration of approximately \$126.0 million, to be paid as follows: (a) 3,303,208 common units, the value of which is based on a price per common unit equal to the volume-weighted average trading price per common unit on the NYSE for the 20-day trading period ending on the last business day immediately prior to the execution date of the Fuel Contribution Agreement, and (b) cash in the amount of \$17,527,610.

Also on June 15, 2015, the Partnership entered into a Real Estate Contribution Agreement (the “NTI Contribution Agreement”) with CST Diamond Holdings LLC, Skipper Beverage Company, LLC, CST Shamrock Stations, Inc., CST Arizona Stations, Inc. and Big Diamond, LLC (collectively, the “CST Subsidiaries”), CST and Lehigh Gas Wholesale Services, Inc. (“LGWS”), pursuant to which certain of the CST Subsidiaries will contribute the membership interests in three newly formed entities that will hold the real property associated with 29 “new to industry” stores (the “NTIs”) to the Partnership in exchange for aggregate consideration of approximately \$135.5 million, to be paid as follows: (a) 338,098 common units, the value of which is based on a price per common unit equal to the volume-weighted average trading price per common unit on the NYSE for the 20-day trading period ending on the last business day immediately prior to the execution date of the NTI Contribution Agreement, and (b) cash in the amount of \$124,397,390.

The transactions contemplated by the Fuel Contribution Agreement and NTI Contribution Agreement are conditioned upon one another and, subject to customary closing conditions, including the availability of sufficient borrowing capacity under the Partnership’s credit facility, are expected to close simultaneously during the third quarter of 2015.

The terms of the Fuel Contribution Agreement and the NTI Contribution Agreement were unanimously approved by the conflicts committee (the “Conflicts Committee”) of the board of directors of our general partner. The Conflicts Committee, which is composed of the independent members of the board of directors of our general partner, retained independent legal and financial advisors to assist in evaluating and negotiating the transaction. In approving the transaction, the Conflicts Committee determined that the transaction was fair to the Partnership and the holders of the Partnership’s common units (other than CST and its affiliates) based in part on an opinion from its independent financial advisor that the consideration to be issued and paid by the Partnership is fair, from a financial point of view, to the holders of the Partnership’s common units (other than CST and its affiliates).

### ***Fuel Supply Contribution***

Pursuant to the Fuel Contribution Agreement, the Partnership will acquire a 12.5% limited partner interest in CST Fuel, increasing the Partnership's total interest in CST Fuel to 17.5% (the "Fuel Supply Contribution").

CST Fuel owns 100% of the issued and outstanding membership interests in CST Marketing and Supply LLC ("CSTMS"), which is a party to a fuel supply agreement with Valero Energy Corporation. CSTMS is also party to a fuel distribution agreement with CST Services and certain subsidiaries of CST Services (such subsidiaries, the "Purchasers"), pursuant to which CSTMS, on an annual basis for at least 10 years from January 1, 2015, sells and delivers to the Purchasers no less than 1.57 billion gallons of branded and unbranded motor fuels at a fixed net margin of \$0.05 per gallon for resale at retail sites operated by the Purchasers.

CST and the Partnership have made customary representations, warranties and covenants in the Fuel Contribution Agreement. The Fuel Contribution Agreement also provides for indemnification by the Partnership and its subsidiaries and by CST and its affiliates (other than the Partnership and its subsidiaries) to each other under certain circumstances; provided, however, that neither the Partnership and its subsidiaries nor CST and its affiliates (other than the Partnership and its subsidiaries) shall be liable to the other for losses in excess of 20% of the dollar value of the aggregate consideration paid under the Fuel Contribution Agreement as of the closing date, subject to certain exceptions.

### ***NTI Contribution***

Pursuant to the NTI Contribution Agreement, the Partnership will acquire from certain of the CST Subsidiaries the membership interests in three newly formed entities (the "NTI Entities") that hold, collectively, the real property associated with the 29 NTIs (excluding the underground storage tanks) (the "NTI Contribution"). Immediately after such acquisition, the Partnership will contribute the membership interests in the NTI Entities to LGWS.

After the closing of the NTI Contribution, the NTI Entities will lease the real property associated with the NTIs back to certain subsidiaries of CST, who will continue to operate the sites pursuant to a triple net lease at a lease rate of 7.5%. Each lease will have a ten-year initial term and provide for additional renewal terms, subject to predetermined increases in the lease rate. Pursuant to a separate guaranty agreement, CST will guarantee the CST Subsidiaries' payments under each lease.

CST, the CST Subsidiaries, the Partnership and LGWS have made customary representations, warranties and covenants in the NTI Contribution Agreement. The NTI Contribution Agreement also provides for indemnification by the Partnership, LGWS and the NTI Entities and by CST and the CST Subsidiaries to each other under certain circumstances; provided, however, that neither the Partnership, LGWS and the NTI Entities nor CST and the CST Subsidiaries shall be liable to the other for losses in excess of 20% of the dollar value of the aggregate consideration paid under the NTI Contribution Agreement as of the closing date, subject to certain exceptions.

### ***One Stop Acquisition***

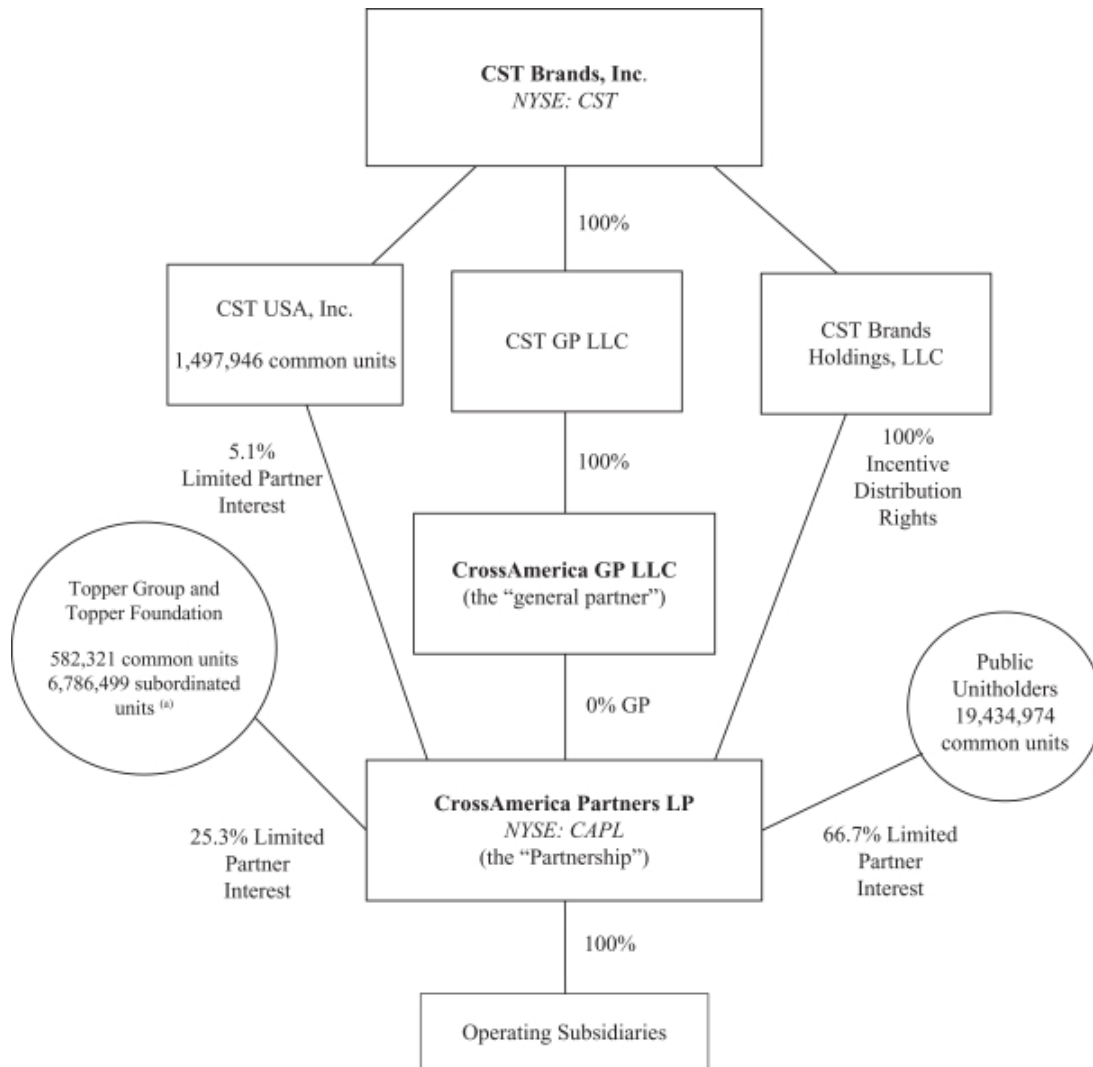
The Partnership has agreed to purchase the 41 company-operated One Stop convenience store network ("One Stop") based in Charleston, West Virginia, along with 4 commission agent sites, 9 dealer fuel supply agreements and one freestanding franchised quick service restaurant for approximately \$42.0 million in cash (the "One Stop Acquisition").

Of the 45 company-operated and commission agent sites, 30 are owned fee simple locations. Five of the company-operated locations have quick service restaurants. For the twelve month period ended December 31, 2014, the aggregate 54 sites sold approximately 36 million gallons of motor fuel primarily under the Marathon and Exxon fuel brands, and had approximately \$40.5 million in inside sales.

The One Stop Acquisition is expected to close during the third quarter of 2015, subject to customary closing conditions, including the availability of sufficient borrowing capacity under the Partnership’s credit facility.

**Organizational Structure**

The following is a simplified diagram of our ownership structure after giving effect to this offering (assuming the underwriters do not exercise their option to purchase additional common units) but prior to the Fuel Supply Contribution and the NTI Contribution described above under “– Recent Developments”:



(a) John B. Reilly, III, a member of the board of directors of the general partner, may be deemed to share beneficial ownership of 738,501 additional subordinated units and 111,080 common units beneficially owned by the 2008 Irrevocable Trust of John B. Reilly, Jr. (the “Reilly Trust”) in his capacity as one of two trustees of the Reilly Trust representing an aggregate 2.9% limited partner interest.

### The Offering

Common units offered by us.	4,600,000 common units, or 5,290,000 common units if the underwriters exercise their option to purchase additional common units in full.
Units to be outstanding after this offering <sup>(1)</sup>	21,626,321 common units and 7,525,000 subordinated units. If the underwriters exercise their option to purchase additional common units in full, 22,316,321 common units and 7,525,000 subordinated units.
Use of proceeds	<p>We will receive net proceeds from the offering of approximately \$138.6 million, or approximately \$159.4 million if the underwriters' option to purchase additional common units is exercised in full (in each case after deducting underwriting discounts and commissions and estimated offering expenses payable by us).</p> <p>We expect to use the net proceeds from this offering to reduce indebtedness outstanding under our credit facility. Please read "Use of Proceeds" in this prospectus supplement.</p> <p>Affiliates of certain of our underwriters are lenders under our credit facility and will receive their pro rata portion of the net proceeds from this offering through the repayment of borrowings extended under our credit facility. Please read "Underwriting—Relationships" in this prospectus supplement.</p>
Cash distributions	<p>In general, we expect that cash distributed for each quarter will equal cash generated from operations less cash needed for maintenance capital expenditures, accrued but unpaid expenses, reimbursement of expenses incurred by our general partner, debt service and other contractual obligations and reserves for future operating and capital needs or for future distributions to our partners. We expect that the board of directors of our general partner will reserve excess cash, from time to time in an effort to sustain or permit gradual or consistent increases in quarterly distributions. The board of directors of our general partner may also determine to borrow to fund distributions in quarters when we generate less cash available for distribution than necessary to sustain or grow our cash distributions per unit.</p> <p>Our cash distribution policy, established by our general partner, is to make minimum quarterly distributions in cash of at least \$0.4375 (or \$1.75 on an annualized basis) on each common unit and subordinated unit. Our ability to pay cash distributions at the minimum quarterly distribution rate is subject to various restrictions and other factors described in more detail under "Risk Factors" in this prospectus supplement and "How We Make Distributions to Our Partners" in the accompanying base prospectus.</p>

(1) Outstanding units do not include 3,641,306 common units issuable to affiliates in the Fuel Supply Contribution and the NTI Contribution described above in "—Recent Developments."

On June 5, 2015, we announced a quarterly cash distribution attributable to the fiscal quarter ended March 31, 2015, to be paid on June 19, 2015, of \$0.5475 per common unit, or \$2.19 on an annualized basis, to unitholders of record on June 15, 2015. Unitholders purchasing common units in this offering will not receive this distribution.

Although it is our intent to distribute each quarter an amount at least equal to the minimum quarterly distribution on all of our units, we are not obligated to make distributions in that amount or at all. However, with respect to any quarter during the subordination period, if we do not make quarterly distributions on our common units in an amount at least equal to the minimum quarterly distribution (plus any arrearages accumulated from prior periods), then the subordinated unitholders will not be entitled to receive any distributions until we have made distributions to common unitholders in an aggregate amount equal to the minimum quarterly distribution, plus all arrearages accumulated from prior periods. Please read “How We Make Distributions to Our Partners—Subordination Period” in the accompanying base prospectus.

We will pay quarterly distributions, if any, each quarter in the following manner:

- first, to the holders of common units, until each common unit has received a minimum quarterly distribution of \$0.4375 plus any arrearages from prior quarters;
- second, to the holders of subordinated units, until each subordinated unit has received a minimum quarterly distribution of \$0.4375; and
- third, to all unitholders, pro rata, until each unit has received a distribution of \$0.5031.

#### Incentive Distribution Rights

If cash distributions to our unitholders exceed \$0.5031 per unit in any quarter, our unitholders and the holders of our incentive distribution rights will receive distributions according to the following percentage allocations:

<u>Total Quarterly Distribution Target Amount</u>	<u>Marginal Percentage Interest in Distributions</u>	
	<u>Unitholders</u>	<u>Incentive Distribution Rights Holders</u>
above \$0. 5031 up to \$0. 5469	85.0%	15.0%
above \$0. 5469 up to \$0. 6563	75.0%	25.0%
above \$0. 6563	50.0%	50.0%

Please read “How We Make Distributions to Our Partners—Incentive Distribution Rights” in the accompanying base prospectus.



Subordinated units	<p>The principal difference between our common and subordinated units is that in any quarter during the subordination period, the subordinated units will not be entitled to receive any distribution until the common units have received the minimum quarterly distribution plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. Subordinated units will not accrue arrearages.</p>
Conversion of subordinated units	<p>The subordination period will end on the first business day after we have earned and paid at least \$1.75 (the minimum quarterly distribution on an annualized basis) on each outstanding common unit and subordinated unit for each of three consecutive, non-overlapping four-quarter periods ending on or after December 31, 2015 provided there are no arrearages on our common units at that time.</p> <p>The subordinated units of any holder will also convert into common units upon the removal of our general partner other than for cause if no units held by such holder or its affiliates are voted in favor of that removal.</p> <p>When the subordination period ends, all subordinated units will convert into common units on a one-for-one basis, and all common units thereafter will no longer be entitled to arrearages. Please read “How We Make Distributions to Our Partners—Subordination Period” in the accompanying base prospectus.</p>
Issuance of additional units	<p>Our partnership agreement authorizes us to issue an unlimited number of additional units without the approval of our unitholders. Please read “The Partnership Agreement—Issuance of Additional Interests” in the accompanying base prospectus.</p>
Limited voting rights	<p>Our general partner manages and operates us. Unlike the holders of common stock in a corporation, our unitholders have only limited voting rights on matters affecting our business. Our unitholders have no right to elect our general partner or its directors on an annual or other continuing basis. Our general partner may not be removed except by a vote of the holders of at least 66 2/3% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. Upon consummation of this offering, the Topper Group and DMI will own an aggregate of 25.3% of our common and subordinated units (or 24.7% if the underwriters exercise their option to purchase additional units in full). Pursuant to that certain Voting Agreement by and among CST and certain Equityholders (as defined in the Voting Agreement), dated as of October 1, 2014, the Topper Group has agreed to vote its common units and subordinated units in accordance with the recommendations of the board of directors of our general partner. Please read “The Partnership Agreement—Voting Rights” in the accompanying base prospectus.</p>

[Table of Contents](#)

Call right	If at any time our general partner and its affiliates own more than 80% of the outstanding common units, our general partner has the right, but not the obligation, to purchase all of the remaining common units at a price equal to the greater of (1) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (2) the highest per-unit price paid by our general partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. Please read “The Partnership Agreement—Call Right” in the accompanying base prospectus.
Material United States federal income tax consequences	For a discussion of other material United States federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read “Material United States Federal Income Tax Consequences” in this prospectus supplement.
New York Stock Exchange symbol	“CAPL”

### Summary Historical Consolidated Financial and Operating Data

The following table presents our summary historical consolidated financial and operating data for the periods and as of the dates indicated.

The summary historical consolidated financial data as of and for the year ended December 31, 2014 is derived from our audited historical consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference. The summary historical consolidated financial data as of and for each of the three months ended March 31, 2015 and 2014 is derived from our unaudited historical condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 and incorporated herein by reference. The presentation of the 2014 income statement data and other financial data below was changed to conform to the three months ended March 31, 2014 and 2015 presentation.

Please read the following data in connection with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements for the year ended December 31, 2014 and for the three months ended March 31, 2015, included in our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, respectively, each of which is incorporated herein by reference. Our historical results are not necessarily indicative of results to be expected in future periods.

The following table presents the non-GAAP financial measures, EBITDA, Adjusted EBITDA and Distributable Cash Flow, which we use in our business as they are important supplemental measures of our performance and liquidity. We explain these measures under “Non-GAAP Financial Measures” and reconcile them to their most directly comparable financial measures calculated and presented in accordance with GAAP below, in thousands except unit and gallon data.

	Year Ended December 31, 2014(a)	Three Months Ended March 31, 2015 (unaudited)	Three Months Ended March 31, 2014 (unaudited)
<b>Income Statement Data:</b>			
Operating revenues	\$ 2,669,317	\$ 484,647	\$ 482,021
Cost of sales	2,553,671	449,651	465,354
Gross profit	115,646	34,996	16,667
Income from CST Fuel Supply equity	—	1,098	—
Operating expenses	35,055	13,737	2,168
General and administrative expenses	40,319	11,318	4,527
Depreciation, amortization and accretion expense	33,285	11,502	5,966
Total operating expenses	108,659	36,557	12,661
Gain on sales of assets, net	1,653	30	1,480
Operating income (loss)	8,640	(433)	5,486
Other income, net	466	59	104
Interest expense	(16,631)	(4,278)	(4,027)
Income (loss) before income taxes	(7,525)	(4,652)	1,563
Income tax expense (benefit)	(1,354)	(1,681)	135
Consolidated net income (loss)	(6,171)	(2,971)	1,428
Net loss attributable to noncontrolling interests	9	5	—

[Table of Contents](#)

	Year Ended December 31, 2014(a)	Three Months Ended March 31, 2015 (unaudited)	Three Months Ended March 31, 2014 (unaudited)
Net income (loss) attributable to CrossAmerica partners	(6,162)	(2,966)	1,428
Distributions to incentive distribution right holders	(245)	(170)	(31)
Net income (loss) available to CrossAmerica limited partners	<u>\$ (6,407)</u>	<u>\$ (3,136)</u>	<u>\$ 1,397</u>
Net income (loss) per common and subordinated unit-basic	\$ (0.32)	\$ (0.13)	\$ 0.07
Net income (loss) per common and subordinated unit-diluted	\$ (0.32)	\$ (0.13)	\$ 0.07
Weighted average limited partners' units outstanding			
Common units-basic	12,402,938	16,935,125	11,115,643
Common units-diluted	12,408,930	17,057,909	11,156,261
Subordinated units-basic and diluted	7,525,000	7,525,000	7,525,000
<b>Operating Data:</b>			
Fuel margin	\$ 68,588	\$ 17,687	\$ 9,650
Gallons of motor fuel distributed (in millions)	906.2	240.7	159.6
Selling price per gallon	\$ 2.818	\$ 1.814	\$ 2.953
Fuel margin per gallon(b)	\$ 0.076	\$ 0.073	\$ 0.060
<b>Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 15,170	\$ 4,863	\$ 1,352
Total current assets	76,124	75,961	37,735
Total assets	604,646	743,911	396,831
Total current liabilities	94,033	87,777	38,131
Long-term debt, excluding current portion	201,276	339,813	186,053
Total liabilities	414,155	566,359	307,741
Total partners' capital	190,522	177,602	89,090
<b>Cash Flow Data:</b>			
Net cash provided by operating activities	\$ 28,531	\$ 10,906	\$ 779
Net cash provided by (used in) investing activities	(156,150)	(125,748)	(2,710)
Net cash provided by (used in) financing activities	138,674	104,535	(832)
<b>Other Financial Data:</b>			
EBITDA	\$ 42,155	\$ 10,963	\$ 11,525
Adjusted EBITDA	61,424	15,583	11,272
Distributable Cash Flow	44,063	10,095	7,525
Distributable Cash Flow per diluted limited partner unit	2.2015	0.4107	0.4028
Distributions paid	2.0800	0.5425	0.5125
Distribution coverage-diluted	1.06x	0.76x	0.79x

(a) Presentation of the 2014 income statement data and other financial data was changed to conform to the three months ended March 31, 2014 and 2015 presentation.

(b) Margin per gallon represents (i) total revenues from fuel sales, less total cost of revenues from fuel sales, divided by (ii) total gallons of motor fuel distributed.

**Non-GAAP Financial Measures**

We use the non-GAAP financial measures EBITDA, Adjusted EBITDA, and Distributable Cash Flow available to CrossAmerica limited partners ("Distributable Cash Flow") in this report. EBITDA represents net income before deducting interest expense, income taxes and depreciation and amortization. Adjusted EBITDA

represents EBITDA as further adjusted to exclude gains or losses on sales of assets, equity-funded expenses for certain incentive compensation and expenses under that certain Amended and Restated Omnibus Agreement by and among the Partnership, the general partner, Lehigh Gas Corporation, CST Services LLC, LGO and Joseph V. Topper, Jr., dated as of October 1, 2014 (the “Omnibus Agreement”), certain discrete non-cash items and certain discrete acquisition related costs, such as legal and other professional fees and severance expenses associated with recently acquired companies. 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 sales of our assets which do not result directly from our wholesale distribution of motor fuel and our leasing of real property. EBITDA, Adjusted EBITDA, and Distributable Cash Flow are also used to assess our ability to generate cash sufficient to make distributions to our unitholders.

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 United States 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 United States GAAP financial measure, for each of the periods indicated (in thousands, except for per unit amounts):

	<u>Year Ended December 31, 2014(d)</u>	<u>Three Months Ended March 31,</u>	
		<u>2015</u>	<u>2014</u>
Net income (loss) available to CrossAmerica limited partners	\$ (6,407)	\$ (3,136)	\$ 1,397
Interest expense	16,631	4,278	4,027
Income tax expense (benefit)	(1,354)	(1,681)	135
Depreciation, amortization and accretion	33,285	11,502	5,966
<b>EBITDA Available to Limited Partners</b>	<b>\$ 42,155</b>	<b>\$ 10,963</b>	<b>\$ 11,525</b>
Equity-funded incentive compensation expense and expenses under the Omnibus Agreement	11,958	2,942	914
Gain on sales of assets, net	(1,653)	(30)	(1,480)
Acquisition costs(a)(b)	7,481	1,002	313
Inventory fair value adjustments(b)	1,483	706	—
<b>Adjusted EBITDA</b>	<b>\$ 61,424</b>	<b>\$ 15,583</b>	<b>\$ 11,272</b>
Cash interest expense	(13,851)	(3,909)	(3,044)
Sustaining capital expenditures(c)	(3,104)	(520)	(559)
Current income tax expense	(406)	(1,059)	(144)

[Table of Contents](#)

	<u>Year Ended December 31, 2014(d)</u>	<u>Three Months Ended March 31,</u>	
		<u>2015</u>	<u>2014</u>
<b>Distributable Cash Flow Available to Limited Partners</b>	<b>\$ 44,063</b>	<b>\$ 10,095</b>	<b>\$ 7,525</b>
Diluted common and subordinated units	19,934	24,583	18,681
Distributable Cash Flow per diluted limited partner unit	\$ 2.2105	\$ 0.4107	\$ 0.4028
Distributions paid per limited partner unit	\$ 2.0800	\$ 0.5425	\$ 0.5125
Distribution coverage-diluted	1.06x	0.76x	0.79x

- (a) Relates to certain discrete acquisition-related costs, such as legal and other professional fees and severance expenses associated with recently acquired businesses.
- (b) Calculation of Adjusted EBITDA for the year ended December 31, 2014 was changed to include certain discrete acquisition costs and inventory fair value adjustments related to recently acquired companies to conform to the three months ended March 31, 2014 and 2015 presentation.
- (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.
- (d) Presentation of the 2014 non-GAAP financial measures has been changed to conform to the three months ended March 31, 2014 and 2015 presentation.

## RISK FACTORS

Investing in our common units involves risks. Before making an investment decision, in addition to the information set forth in this prospectus supplement, you should carefully consider the risk factors incorporated by reference in this prospectus supplement, together with all the other information contained in or incorporated by reference in this prospectus supplement or the accompanying base prospectus, including the risk factors and other cautionary statements described under the heading “Risk Factors” on page 7 of the accompanying base prospectus and included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated herein by reference. If any of these risks were to occur, our business, financial condition or results of operations could be materially and adversely affected. Also, please read “Cautionary Statement Regarding Forward-Looking Statements” in this prospectus supplement.

***Our pending acquisitions, including the Fuel Supply Contribution and the NTI Contribution from CST and the One Stop Acquisition, are subject to substantial risks that could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.***

Our pending acquisitions, including the Fuel Supply Contribution, the NTI Contribution and the One Stop Acquisition, involve potential risks, including, among other things:

- the validity of our assumptions about revenues, capital expenditures and operating costs of the acquired business or assets, as applicable, as well as assumptions about achieving synergies with our existing business;
- the incurrence of substantial unforeseen environmental and other liabilities arising out of the acquired businesses or assets, including liabilities arising from the operation of the acquired businesses or assets prior to our acquisition, for which we are not indemnified or for which the indemnity is inadequate;
- the costs associated with additional debt or equity capital, which may result in a significant increase in our interest expense and financial leverage resulting from any additional debt incurred to finance the acquisitions, or the issuance of additional common units on which we will make distributions, either of which could offset the expected accretion to our unitholders from any such acquisition and could be exacerbated by volatility in the equity or debt capital markets;
- a failure to realize anticipated benefits, such as increased available cash per unit, enhanced competitive position or new customer relationships;
- the inability to timely and effectively integrate the operations and employees of recently acquired businesses or assets, particularly those in new geographic areas or in new lines of business;
- a decrease in our liquidity by using a significant portion of our available cash or borrowing capacity to finance the acquisitions;
- the incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges;
- performance from the acquired assets and businesses that is below the forecasts we used in evaluating the acquisitions;
- a significant increase in our working capital requirements;
- CST’s inability to perform under its guarantees entered into in connection with the Fuel Supply Contribution and the NTI Contribution to us;

---

## [Table of Contents](#)

- competition in our targeted market areas; and
- diversion of our management's attention from other business concerns.

In addition, our ability to purchase or lease additional sites involves certain potential risks, including the inability to identify and acquire suitable sites or to negotiate acceptable leases or subleases for such sites and difficulties in adapting our distribution and other operational and management systems to an expanded network of sites.

Our reviews of businesses or assets proposed to be acquired are inherently imperfect because it generally is not feasible to perform an in-depth review of businesses and assets involved in each acquisition. Even a detailed review of assets and businesses may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the assets or businesses to fully assess their deficiencies and potential. For example, inspections may not always be performed on every asset, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Unitholders will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of our funds and other resources toward the acquisition of certain businesses or assets.



## USE OF PROCEEDS

We expect to receive estimated net proceeds of approximately \$138.6 million from this offering, or approximately \$159.4 million if the underwriters' option to purchase additional common units is exercised in full, in each case after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We expect to use the net proceeds from this offering to reduce indebtedness outstanding under our credit facility. We intend to reborrow under our credit facility to fund the Fuel Supply Contribution, the NTI Contribution, the One Stop Acquisition and other future acquisitions. In the twelve months preceding the date of this prospectus supplement, we used borrowings under our credit facility for general partnership purposes and to fund acquisitions, including the November 2014 purchase of convenience store assets, franchisor rights and associated trademarks of Nice N Easy Grocery Shoppes, the January 2015 purchase of 22 convenience stores from Landmark Industries and the February 2015 purchase of 64 convenience stores sites located in Minnesota, Michigan, Wisconsin and South Dakota from Erickson Oil Products, Inc. The terms and conditions of these acquisitions are described in our Annual Report on Form 10-K for the year ended December 31, 2014.

As of March 31, 2015, we had borrowings outstanding under our credit facility of approximately \$318.2 million and approximately \$16.4 million of letters of credit in place. The amount of availability at March 31, 2015 under the revolving credit facility, after taking into account outstanding letters of credit and covenant constraints, was \$27.6 million. In connection with future acquisitions in 2015, the credit facility requires, among other things, that we have, after giving effect to each acquisition, at least \$20 million of borrowing availability under the credit facility and unrestricted cash on the balance sheet on the date of such acquisition. Our credit facility is a senior secured revolving credit facility maturing on March 4, 2019 with a total borrowing capacity (including letters of credit) of up to \$550.0 million.

Borrowings under our credit facility bear interest, at our option, at (1) a rate equal to the London Interbank Offering Rate ("LIBOR"), for interest periods of one week or one, two, three or six months, plus a margin of 2.00% to 3.25% per annum, depending on our total leverage ratio or (2) (a) a base rate equal to the greatest of, (i) the federal funds rate, plus 0.5%, (ii) LIBOR for one month interest periods, plus 1.00% per annum or (iii) the rate of interest established by the agent, from time to time, as its prime rate, plus (b) a margin of 1.00% to 2.25% per annum depending on our total leverage ratio. In addition, we incur a commitment fee based on the unused portion of the revolving credit facility at a rate of 0.35% to 0.50% per annum depending on our total leverage ratio. Our credit facility includes the right to a swing-line loan in an amount up to \$10.0 million and standby letters of credit up to an aggregate amount of \$45.0 million. As of March 31, 2015, our credit facility had an average interest rate of 3.5%.

Affiliates of certain of our underwriters are lenders under our credit agreement and will receive their pro rata portion of the net proceeds from this offering through the repayment of borrowings extended under our credit facility. Please read "Underwriting—Relationships" in this prospectus supplement.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2015:

- on a historical basis; and
- as adjusted to reflect the sale of common units by us in this offering and the initial application of the net proceeds from this offering as described under “Use of Proceeds.”

This table is derived from, and should be read together with, the condensed consolidated financial statements and the accompanying notes incorporated by reference in this prospectus supplement. You should also read this table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2014 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, each of which is incorporated by reference in this prospectus supplement, and “Use of Proceeds.” The table below does not reflect any reborrowing under our credit facility to fund, or other effects in connection with the consummation of, the Fuel Supply Contribution, the NTI Contribution or the One Stop Acquisition, each as described in “Summary—Recent Developments.”

	As of March 31, 2015	
	Actual	As Adjusted
	(in thousands)	
Cash and cash equivalents	\$ 4,863	\$ 4,863
Long-term debt, including current portion <sup>(1)</sup>	\$406,150	\$ 267,254
Partners’ capital	177,602	316,498
Total capitalization	<u>\$583,752</u>	<u>\$ 583,752</u>

(1) As of June 12, 2015, we had borrowings outstanding under our credit facility of approximately \$315.9 million and approximately \$16.4 million of letters of credit in place.

**PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS**

As of June 12, 2015, we had outstanding 17,026,321 common units, held by approximately 5 holders of record. Our common units are listed and trade on the NYSE under the symbol "CAPL."

The following table sets forth the range of the daily high and low sales prices for our common units, as reported on the NYSE, and cash distributions paid per common unit for the periods indicated. The last reported sales price of our common units on the NYSE on June 15, 2015 was \$32.99 per common unit.

	<u>Price Range</u>		<u>Cash Distributions per common unit(a)</u>
	<u>High</u>	<u>Low</u>	
<b>Year ending December 31, 2015</b>			
Second Quarter (through June 15, 2015)	\$35.89	\$30.32	\$ (b)
First Quarter	40.87	32.03	0.5475(c)
<b>Year ended December 31, 2014</b>			
Fourth Quarter	\$40.82	\$29.51	\$ 0.5425
Third Quarter	38.65	25.55	0.5325
Second Quarter	27.85	25.86	0.5225
First Quarter	29.17	25.50	0.5125
<b>Year ended December 31, 2013</b>			
Fourth Quarter	\$29.07	\$26.16	\$ 0.5125
Third Quarter	29.18	24.61	0.5025
Second Quarter	26.25	21.25	0.4775
First Quarter	23.88	18.74	0.4525

- (a) Represents cash distributions attributable to the quarter. Cash distributions declared in respect of a calendar quarter are paid in the following calendar quarter.
- (b) The distribution for this quarter has not yet been declared.
- (c) The distributions for the first quarter will be paid to unitholders of record on June 15, 2015 and thus unitholders purchasing common units in this offering will not receive such distribution.

As of June 12, 2015, we had outstanding 7,525,000 subordinated units. All of the subordinated units are held by the Topper Group, DMI and the Reilly Trust and are not publicly traded. The Topper Group, DMI and the Reilly Trust will receive a quarterly distribution on these units only after the minimum quarterly distribution and any arrearages with respect to prior quarters have been distributed to the common unitholders. Please read "How We Make Distributions to Our Partners" in the accompanying base prospectus for information about our cash distribution policy.

## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

This section summarizes the material federal income tax consequences that may be relevant to prospective unitholders and is based upon current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed Treasury regulations thereunder (the “Treasury Regulations”), and current administrative rulings and court decisions, all of which are subject to change. Changes in these authorities may cause the federal income tax consequences to a prospective unitholder to vary substantially from those described below, possibly on a retroactive basis. Unless the context otherwise requires, references in this section to “we” or “us” are references to CrossAmerica Partners LP and its operating subsidiaries (other than those operating subsidiaries that constitute taxable subchapter C corporations for United States federal income tax purposes).

Legal conclusions contained in this section, unless otherwise noted, are the opinion of Paul Hastings LLP and are based on the accuracy of representations made by us and by our general partner to them for this purpose. However, this section does not address all federal income tax matters that affect us or our unitholders and does not describe the application of the alternative minimum tax that may be applicable to certain unitholders. Furthermore, this section focuses on unitholders who are individual citizens or residents of the United States (for federal income tax purposes), who have the United States dollar as their functional currency, who use the calendar year as their taxable year, and who hold common units as capital assets (generally, property that is held for investment). This section has limited applicability to corporations, partnerships (including entities treated as partnerships for federal income tax purposes), estates, trusts, non-resident aliens or other unitholders subject to specialized tax treatment, such as tax-exempt institutions, non-United States persons, individual retirement accounts (“IRAs”), employee benefit plans, real estate investment trusts or mutual funds. Accordingly, we encourage each unitholder to consult the unitholder’s own tax advisor in analyzing the federal, state, local and non-United States tax consequences particular to that unitholder resulting from ownership or disposition of units and potential changes in applicable tax laws.

We are relying on opinions and advice of Paul Hastings LLP with respect to the matters described herein. An opinion of counsel represents only that counsel’s best legal judgment and does not bind the Internal Revenue Service (“IRS”) or a court. Accordingly, the opinions and statements made herein may not be sustained by a court if contested by the IRS. Any such contest of the matters described herein may materially and adversely impact the market for units and the prices at which our units trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders because the costs will reduce our cash available for distribution. Furthermore, the tax consequences of an investment in us may be significantly modified by future legislative or administrative changes or court decisions, which may be retroactively applied.

For the reasons described below, Paul Hastings LLP has not rendered an opinion with respect to the following federal income tax issues: (1) the treatment of a unitholder whose units are the subject of a securities loan (e.g., a loan to a short seller to cover a short sale of units) (please read “—Tax Consequences of Unit Ownership—Treatment of Securities Loans”); (2) whether our monthly convention for allocating taxable income and losses is permitted by existing Treasury Regulations (please read “—Disposition of Units—Allocations Between Transferors and Transferees”); and (3) whether our method for taking into account Section 743 adjustments is sustainable in certain cases (please read “—Tax Consequences of Unit Ownership—Section 754 Election” and “—Uniformity of Units”).

### **Taxation of the Partnership**

#### ***Partnership Status***

We expect to be treated as a partnership for United States federal income tax purposes and, therefore, generally will not be liable for entity-level federal income taxes. Instead, as described below, each of our unitholders will take into account its respective share of our items of income, gain, loss and deduction in computing its federal income tax liability as if the unitholder had earned such income directly, even if we make no cash distributions to the unitholder.

## [Table of Contents](#)

Section 7704 of the Code generally provides that publicly traded partnerships will be treated as corporations for federal income tax purposes. However, if 90% or more of a partnership's gross income for every taxable year it is publicly-traded consists of "qualifying income," the partnership may continue to be treated as a partnership for federal income tax purposes (the "Qualifying Income Exception"). Qualifying income includes (i) income and gains derived from the transportation, storage, processing and marketing of crude oil, natural gas and products thereof (including gasoline and diesel), (ii) "rents" from the leasing of real property, (iii) interest (other than from a financial business), (iv) dividends, (v) gains from the sale of real property and (vi) gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income.

We expect that a significant amount of our qualifying income will be comprised of real property rents from LGO attributable to the approximately 199 sites that LGO leases from us. In general, any real property rents that we receive from a tenant or sub-tenant of ours in which we own, directly or indirectly (a) in the case where such tenant or sub-tenant is a corporation for United States federal income tax purposes (a "Corporate Tenant"), stock of such tenant or sub-tenant possessing ten percent (10%) or more of the total combined voting power of all classes of stock entitled to vote or ten percent (10%) or more of the total value of shares of all classes of stock of such tenant or sub-tenant, and (b) in the case where such tenant or sub-tenant is not a corporation for United States federal income tax purposes (a "Non-Corporate Tenant"), an interest of ten percent (10%) or more in the assets or net profits of such tenant or sub-tenant (in each case, the "Related Tenant Test"), would not constitute qualifying income. In determining such ownership, we are required to apply certain constructive ownership rules, including one that would treat us as owning any stock of a Corporate Tenant or interest in the assets or net profits of a Non-Corporate Tenant that is actually or constructively owned by any person that owns, directly or indirectly, five percent (5%) or more (by value) of our interests. If we were to constructively own, directly or indirectly, an interest of ten percent (10%) or more in the assets or net profits of LGO (which is a Non-Corporate Tenant of ours) under the Related Tenant Test, then the real property rents that we receive from LGO would not constitute qualifying income and, thus, we would likely no longer qualify to be treated as a "partnership" (and instead would be treated as a corporation) for United States federal income tax purposes.

Each of Joseph V. Topper, Jr. and John B. Reilly, III actually or constructively owns five percent (5%) or more (by value) of our interests, and Joseph V. Topper, Jr. owns an interest of five percent (5%) of the assets and net profits of LGO. Accordingly, for purposes of the Related Tenant Test, we will be deemed to own an interest of five percent (5%) of the assets and net profits of LGO. In order to minimize the risk of our failing the Related Tenant Test with respect to Dunne Manning Stores Holdings LLC (formerly Lehigh Gas-Ohio Holdings LLC and referred to as "LGO Holdings") or any of our other tenants or sub-tenants, our partnership agreement and LGO Holdings' operating agreement contain provisions that expressly prohibit our units and the interests in the assets and net profits of LGO Holdings from being actually or constructively owned by any person if it would result in our actually or constructively owning (a) in the case of LGO, more than the five percent (5%) interest in LGO Holdings' assets and net profits that we are deemed to currently own (the "LGO Ownership Limitation"), and (b) (1) in the case of a Corporate Tenant of ours, stock of such tenant or sub-tenant possessing ten percent (10%) or more of the total combined voting power of all classes of stock entitled to vote or ten percent (10%) or more of the total value of shares of all classes of stock of such tenant or sub-tenant, and (2) in the case of a Non-Corporate Tenant of ours (other than LGO), an interest of ten percent (10%) or more in such tenant's or sub-tenant's assets or net profits ("Non-LGO Tenant Ownership Limitation").

Any transfer of (or certain non-transfer events with respect to) units or interests in the assets or net profits of LGO Holdings that would result in a violation of the LGO Ownership Limitation or the Non-LGO Tenant Ownership Limitation (any such transfer or non-transfer event, a "Prohibited Event" and the holder of such units or interest, a "Prohibited Owner") will be void ab initio. Furthermore, any such units and, in the case of a violation of the LGO Ownership Limitation, the breaching LGO Holdings member's entire interest in LGO Holdings would automatically and by operation of law be transferred to a trust ("Trust"), the beneficiary or beneficiaries of which will be one or more organizations exempt from United States federal income tax under Section 501(c)(3) of the Code and the trustee of which will be such person(s) unaffiliated with us that our general

## Table of Contents

partner or the manager of LGO Holdings, as applicable, shall designate. If there should be a Prohibited Event prior to our becoming aware of such event having occurred and, as a result, we make distributions and allocations of our income, gain, losses, deductions and credits following the transfer of the applicable units to the Prohibited Owner rather than to the Trust, then we will take all reasonable measures that we determine reasonably necessary to recover the amount of any such distributions and to effectuate the re-allocation of such income, gain, losses, deductions and credits from the Prohibited Owner to the Trust (including, if not foreclosed by an applicable statute of limitations, by filing one or more amended tax returns).

LGO Holdings' operating agreement also requires that, by the seventy-fifth (75th) day following the end of each calendar year, each LGO Holdings member shall furnish to both the LGO Holdings manager and a representative of ours a certification stating to the effect that there was no Prohibited Event during such calendar year. Our partnership agreement further requires each actual or constructive owner of units constituting 4.9% or more (by value) of our interests to provide a certification to us stating such owner's name and address, the number and class of units owned or constructively owned by such owner, a description of how such units are held and such other information that we may request in order to allow us to monitor compliance with the Related Tenant Test. Our general partner may permit ownership of units that cause a violation of the Related Tenant Test if it would not result in less than ninety-five percent (95%) of our gross income constituting 7704 qualifying income.

We estimate that less than 5% of our current gross income is not qualifying income; however, this estimate could change from time to time.

Based upon the factual representations made by us and our general partner, Paul Hastings LLP is of the opinion that we will be treated as a partnership and our partnership and limited liability company subsidiaries will be disregarded as entities separate from us for federal income tax purposes. The representations made by us and by our general partner upon which Paul Hastings LLP has relied in rendering its opinion include, without limitation:

(a) Neither we nor any of our partnership or limited liability company subsidiaries has elected or will elect to be treated as a corporation for federal income tax purposes; and

(b) For each taxable year since and including the year of our initial public offering, more than 90% of our gross income has been and will be income of a character that Paul Hastings LLP has opined is "qualifying income" within the meaning of Section 7704(d) of the Code.

We believe that these representations are true and will be true in the future.

If we fail to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery (in which case the IRS may also require us to make adjustments with respect to our unitholders or pay other amounts), we will be treated as transferring all of our assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which we fail to meet the Qualifying Income Exception, in return for stock in that corporation and then as distributing that stock to our unitholders in liquidation. This deemed contribution and liquidation should not result in the recognition of taxable income by our unitholders or us so long as our liabilities do not exceed the tax basis of our assets. Thereafter, we would be treated as an association taxable as a corporation for federal income tax purposes.

The present federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative or legislative action or judicial interpretation at any time. For example, the Obama Administration's budget proposal for fiscal year 2016 recommended that publicly traded partnerships earning income from activities related to fossil fuels be taxed as corporations beginning in 2021. From time to time, members of the United States Congress propose and consider substantive changes to the existing federal income tax laws that affect publicly traded partnerships. One such legislative proposal would

## [Table of Contents](#)

have eliminated the Qualifying Income Exception upon which we rely for our treatment as a partnership for United States federal income tax purposes. We are unable to predict whether any such changes will ultimately be enacted. However, it is possible that a change in law could affect us and may be applied retroactively. Any such changes could negatively impact the value of an investment in our units.

If for any reason we are taxable as a corporation in any taxable year, our items of income, gain, loss and deduction would be taken into account by us in determining the amount of our liability for federal income tax, rather than being passed through to our unitholders. Our taxation as a corporation would materially reduce the cash available for distribution to unitholders and thus would likely substantially reduce the value of our units. Any distribution made to a unitholder at a time we are treated as a corporation would be (i) a taxable dividend to the extent of our current or accumulated earnings and profits, then (ii) a nontaxable return of capital to the extent of the unitholder's tax basis in its units, and thereafter (iii) taxable capital gain.

The remainder of this discussion is based on the opinion of Paul Hastings LLP that we will be treated as a partnership for federal income tax purposes.

### **Tax Treatment of Income Earned Through C Corporation Subsidiaries**

A portion of our taxable income is earned through one or more direct and indirect subsidiaries that are treated as C corporations for federal income tax purposes. Such C corporations are subject to federal income tax on their taxable income at the corporate tax rate, which is currently a maximum of 35%, and will likely pay state (and possibly local) income tax at varying rates, on their taxable income. Any such entity level taxes will reduce the cash available for distribution to our unitholders. Distributions from any such C corporations will generally be taxed again to unitholders as dividend income to the extent of current and accumulated earnings and profits of such C corporations. As of January 1, 2015, the maximum federal income tax rate applicable to such dividend income which is allocable to individuals is generally 20%. An individual unitholder's share of dividend and interest income from C corporation subsidiaries would constitute portfolio income that could not be offset by the unitholder's share of our other losses or deductions.

### **Tax Consequences of Unit Ownership**

#### ***Limited Partner Status***

Unitholders who are admitted as limited partners of the partnership, as well as unitholders whose units are held in street name or by a nominee and who have the right to direct the nominee in the exercise of all substantive rights attendant to the ownership of units, will be treated as partners of the partnership for federal income tax purposes. For a discussion related to the risks of losing partner status as a result of securities loans, please read “—Tax Consequences of Unit Ownership—Treatment of Securities Loans.” Unitholders who are not treated as partners in us as described above are urged to consult their own tax advisors with respect to the tax consequences applicable to them under their particular circumstances.

#### ***Flow-Through of Taxable Income***

Subject to the discussion below under “—Entity-Level Collections of Unitholder Taxes” with respect to payments we may be required to make on behalf of our unitholders, we will not pay any federal income tax. Rather, each unitholder will be required to report on its federal income tax return each year its share of our income, gains, losses and deductions for our taxable year or years ending with or within its taxable year. Consequently, we may allocate income to a unitholder even if that unitholder has not received a cash distribution.

#### ***Basis of Units***

A unitholder's tax basis in its units initially will be the amount paid for those units increased by the unitholder's initial allocable share of our nonrecourse liabilities. That basis generally will be (i) increased by the

## [Table of Contents](#)

unitholder's share of our income and any increases in such unitholder's share of our nonrecourse liabilities, and (ii) decreased, but not below zero, by the amount of all distributions to the unitholder, the unitholder's share of our losses, and any decreases in the unitholder's share of our nonrecourse liabilities and its share of our expenditures that are neither deductible nor required to be capitalized. The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all of those interests.

### ***Treatment of Distributions***

Distributions by us to a unitholder generally will not be taxable to the unitholder, unless such distributions exceed the unitholder's tax basis in its common units, in which case the unitholder generally will recognize gain taxable in the manner described below under "—Disposition of Units."

Any reduction in a unitholder's share of our "nonrecourse liabilities" (liabilities for which no partner bears the economic risk of loss) will be treated as a distribution by us of cash to that unitholder. A decrease in a unitholder's percentage interest in us because of our issuance of additional units may decrease the unitholder's share of our nonrecourse liabilities. For purposes of the foregoing, a unitholder's share of our nonrecourse liabilities generally will be based upon that unitholder's share of the unrealized appreciation (or depreciation) in our assets, to the extent thereof, with any excess liabilities allocated based on the unitholder's share of our profits. Please read "—Disposition of Units."

A non-pro rata distribution of money or property (including a deemed distribution as a result of the reallocation of our liabilities described above) may cause a unitholder to recognize ordinary income, if the distribution reduces the unitholder's share of our "unrealized receivables," including depreciation recapture and substantially appreciated "inventory items," both as defined in Section 751 of the Code ("Section 751 Assets"). To the extent of such reduction, the unitholder would be deemed to receive its proportionate share of the Section 751 Assets and exchange such assets with us in return for a portion of the non-pro rata distribution. This deemed exchange generally will result in the unitholder's recognition of ordinary income in an amount equal to the excess of (1) the non-pro rata portion of that distribution over (2) the unitholder's tax basis (generally zero) in the Section 751 Assets deemed to be relinquished in the exchange.

### ***Limitations on Deductibility of Losses***

A unitholder may not be entitled to deduct the full amount of loss we allocate to it because its share of our losses will be limited to the lesser of (i) the unitholder's tax basis in its units, and (ii) in the case of a unitholder that is an individual, estate, trust or certain types of closely-held corporations, the amount for which the unitholder is considered to be "at risk" with respect to our activities. In general, a unitholder will be at risk to the extent of its tax basis in its units, reduced by (1) any portion of that basis attributable to the unitholder's share of our liabilities, (2) any portion of that basis representing amounts otherwise protected against loss because of a guarantee, stop loss agreement or similar arrangement and (3) any amount of money the unitholder borrows to acquire or hold its units, if the lender of those borrowed funds owns an interest in us, is related to another unitholder or can look only to the units for repayment. A unitholder subject to the at risk limitation must recapture losses deducted in previous years to the extent that distributions (including distributions deemed to result from a reduction in a unitholder's share of nonrecourse liabilities) cause the unitholder's at risk amount to be less than zero at the end of any taxable year.

Losses disallowed to a unitholder or recaptured as a result of the basis or at risk limitations will carry forward and will be allowable as a deduction in a later year to the extent that the unitholder's tax basis or at risk amount, whichever is the limiting factor, is subsequently increased. Upon a taxable disposition of units, any gain recognized by a unitholder can be offset by losses that were previously suspended by the at risk limitation but not losses suspended by the basis limitation. Any loss previously suspended by the at risk limitation in excess of that gain can no longer be used, and will not be available to offset a unitholder's salary or active business income.



## [Table of Contents](#)

In addition to the basis and at risk limitations, a passive activity loss limitation generally limits the deductibility of losses incurred by individuals, estates, trusts, some closely-held corporations and personal service corporations from “passive activities” (generally, trade or business activities in which the taxpayer does not materially participate). The passive loss limitations are applied separately with respect to each publicly-traded partnership. Consequently, any passive losses we generate will be available to offset only passive income generated by us. Passive losses that exceed a unitholder’s share of passive income we generate may be deducted in full when the unitholder disposes of all of its units in a fully taxable transaction with an unrelated party. The passive loss rules generally are applied after other applicable limitations on deductions, including the at risk and basis limitations.

### ***Limitations on Interest Deductions***

The deductibility of a non-corporate taxpayer’s “investment interest expense” generally is limited to the amount of that taxpayer’s “net investment income.” Investment interest expense includes:

- interest on indebtedness allocable to property held for investment;
- interest expense allocated against portfolio income; and
- the portion of interest expense incurred to purchase or carry an interest in a passive activity to the extent allocable against portfolio income.

The computation of a unitholder’s investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase or carry a unit. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses other than interest directly connected with the production of investment income. Net investment income generally does not include qualified dividend income or gains attributable to the disposition of property held for investment. A unitholder’s share of a publicly-traded partnership’s portfolio income and, according to the IRS, net passive income will be treated as investment income for purposes of the investment interest expense limitation.

### ***Entity-Level Collections of Unitholder Taxes***

If we are required or elect under applicable law to pay any federal, state, local or non-United States tax on behalf of any current or former unitholder or our general partner, we are authorized to treat the payment as a distribution of cash to the relevant unitholder or general partner. Where the tax is payable on behalf of all unitholders or we cannot determine the specific unitholder on whose behalf the tax is payable, we are authorized to treat the payment as a distribution to all current unitholders. Payments by us as described above could give rise to an overpayment of tax on behalf of a unitholder, in which event the unitholder may be entitled to claim a refund of the overpayment amount. Unitholders are urged to consult their tax advisors to determine the consequences to them of any tax payment we make on their behalf.

### ***Allocation of Income, Gain, Loss and Deduction***

Our items of income, gain, loss and deduction generally will be allocated amongst our unitholders in accordance with their percentage interests in us. At any time that distributions are made to the holders of common units in excess of distributions to the subordinated units, or we make incentive distributions to the holders of our IDRs, gross income will be allocated to the recipients to the extent of these distributions.

Specified items of our income, gain, loss and deduction will be allocated under Section 704(c) of the Code (or the principles of Section 704(c) of the Code) to account for any difference between the tax basis and fair market value of our assets at the time such assets are contributed to us and at the time of any subsequent

## [Table of Contents](#)

offering of our units (a “Book-Tax Disparity”). As a result, the federal income tax burden associated with any Book-Tax Disparity immediately prior to an offering generally will be borne by our partners holding interests in us prior to such offering. In addition, items of recapture income will be specially allocated to the extent possible to the unitholder who was allocated the deduction giving rise to that recapture income in order to minimize the recognition of ordinary income by other unitholders.

An allocation of items of our income, gain, loss or deduction, other than an allocation required by the Code to eliminate a Book-Tax Disparity, will generally be given effect for federal income tax purposes in determining a partner’s share of an item of income, gain, loss or deduction only if the allocation has “substantial economic effect.” In any other case, a partner’s share of an item will be determined on the basis of the partner’s interest in us, which will be determined by taking into account all the facts and circumstances, including (i) the partner’s relative contributions to us, (ii) the interests of all the partners in profits and losses, (iii) the interest of all the partners in cash flow and (iv) the rights of all the partners to distributions of capital upon liquidation. Paul Hastings LLP is of the opinion that, with the exception of the issues described in “—Section 754 Election” and “—Disposition of Units—Allocations Between Transferors and Transferees,” allocations of income, gain, loss or deduction under our partnership agreement will be given effect for federal income tax purposes.

### ***Treatment of Securities Loans***

A unitholder whose units are loaned (for example, a loan to a “short seller” to cover a short sale of units) may be treated as having disposed of those units. If so, such unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. As a result, during this period (i) any of our income, gain, loss or deduction allocated to those units would not be reportable by the lending unitholder and (ii) any cash distributions received by the unitholder as to those units may be treated as ordinary taxable income.

Due to a lack of controlling authority, Paul Hastings LLP has not rendered an opinion regarding the tax treatment of a unitholder that enters into a securities loan with respect to its units. Unitholders desiring to assure their status as partners and avoid the risk of income recognition from a loan of their units are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and lending their units. The IRS has announced that it is studying issues relating to the tax treatment of short sales of partnership interests. Please read “—Disposition of Units—Recognition of Gain or Loss.”

### ***Tax Rates***

Under current law, the highest marginal federal income tax rates for individuals applicable to ordinary income and long-term capital gains (generally, gains from the sale or exchange of certain investment assets held for more than one year) are 39.6% and 20%, respectively. Any unrecaptured Section 1250 gain is subject to a maximum United States federal income tax rate of 25%. These rates are subject to change by new legislation at any time.

In addition, a 3.8% net investment income tax (“NIIT”) applies to certain net investment income earned by individuals, estates, and trusts. For these purposes, net investment income generally includes a unitholder’s allocable share of our income and gain realized by a unitholder from a sale of units. In the case of an individual, the tax will be imposed on the lesser of (i) the unitholder’s net investment income from all investments, or (ii) the amount by which the unitholder’s modified adjusted gross income exceeds \$250,000 (if the unitholder is married and filing jointly or a surviving spouse), \$125,000 (if married filing separately) or \$200,000 (if the unitholder is unmarried or in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income, or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

## [Table of Contents](#)

### **Section 754 Election**

We have made the election permitted by Section 754 of the Code that permits us to adjust the tax bases in our assets as to specific purchasers of our units under Section 743(b) of the Code. That election is irrevocable without the consent of the IRS. The Section 743(b) adjustment separately applies to each purchaser of common units based upon the values and bases of our assets at the time of the relevant purchase, and the adjustment will reflect the purchase price paid. The Section 743(b) adjustment does not apply to a person who purchases units directly from us.

Under our partnership agreement, we are authorized to take a position to preserve the uniformity of units even if that position is not consistent with applicable Treasury Regulations. A literal application of Treasury Regulations governing a 743(b) adjustment attributable to properties depreciable under Section 167 of the Code may give rise to differences in the taxation of unitholders purchasing units from us and unitholders purchasing from other unitholders. If we have any such properties, we intend to adopt methods employed by other publicly traded partnerships to preserve the uniformity of units, even if inconsistent with existing Treasury Regulations, and Paul Hastings LLP has not opined on the validity of this approach. Please read “—Uniformity of Units.”

The IRS may challenge the positions we adopt with respect to depreciating or amortizing the Section 743(b) adjustment we take to preserve the uniformity of units due to lack of controlling authority. Because a unitholder’s tax basis for its units is reduced by its share of our items of deduction or loss, any position we take that understates deductions will overstate a unitholder’s basis in its units, and may cause the unitholder to understate gain or overstate loss on any sale of such units. Please read “—Disposition of Units—Recognition of Gain or Loss.” If a challenge to such treatment were sustained, the gain from the sale of units may be increased without the benefit of additional deductions.

The calculations involved in the Section 754 election are complex and are made on the basis of assumptions as to the value of our assets and other matters. The IRS could seek to reallocate some or all of any Section 743(b) adjustment we allocated to our assets subject to depreciation to goodwill or nondepreciable assets. Goodwill, as an intangible asset, is generally amortizable over a longer period of time or under a less accelerated method than our tangible assets. We cannot assure any unitholder that the determinations we make will not be successfully challenged by the IRS or that the resulting deductions will not be reduced or disallowed altogether. Should the IRS require a different tax basis adjustment to be made, and should, in our opinion, the expense of compliance exceed the benefit of the election, we may seek permission from the IRS to revoke our Section 754 election. If permission is granted, a subsequent purchaser of units may be allocated more income than it would have been allocated had the election not been revoked.

### **Tax Treatment of Operations**

#### ***Accounting Method and Taxable Year***

We use the year ending December 31 as our taxable year and the accrual method of accounting for federal income tax purposes. Each unitholder will be required to include in its tax return its share of our income, gain, loss and deduction for each taxable year ending within or with its taxable year. In addition, a unitholder who has a taxable year ending on a date other than December 31 and who disposes of all of its units following the close of our taxable year but before the close of its taxable year must include its share of our income, gain, loss and deduction in income for its taxable year, with the result that it will be required to include in income for its taxable year its share of more than twelve months of our income, gain, loss and deduction. Please read “—Disposition of Units—Allocations Between Transferors and Transferees.”

#### ***Tax Basis, Depreciation and Amortization***

The tax basis of our assets will be used for purposes of computing depreciation and cost recovery deductions and, ultimately, gain or loss on the disposition of those assets. If we dispose of depreciable property

## [Table of Contents](#)

by sale, foreclosure or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation deductions previously taken, may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a unitholder who has taken cost recovery or depreciation deductions with respect to property we own will likely be required to recapture some or all of those deductions as ordinary income upon a sale of its interest in us. Please read “—Tax Consequences of Unit Ownership—Allocation of Income, Gain, Loss and Deduction.”

The costs we incur in offering and selling our units (called “syndication expenses”) must be capitalized and cannot be deducted currently, ratably or upon our termination. While there are uncertainties regarding the classification of costs as organization expenses, which may be amortized by us, and as syndication expenses, which may not be amortized by us, the underwriting discounts and commissions we incur will be treated as syndication expenses. Please read “Disposition of Units—Recognition of Gain or Loss.”

### ***Valuation and Tax Basis of Our Properties***

The federal income tax consequences of the ownership and disposition of units will depend in part on our estimates of the relative fair market values and the tax bases of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we will make many of the relative fair market value estimates ourselves. These estimates and determinations of tax basis are subject to challenge and will not be binding on the IRS or the courts. If the estimates of fair market value or basis are later found to be incorrect, the character and amount of items of income, gain, loss or deduction previously reported by unitholders could change, and unitholders could be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

### **Disposition of Units**

#### ***Recognition of Gain or Loss***

A unitholder will be required to recognize gain or loss on a sale of units equal to the difference between the unitholder’s amount realized and tax basis in the units sold. A unitholder’s amount realized generally will equal the sum of the cash and the fair market value of other property it receives plus its share of our nonrecourse liabilities with respect to the units sold. Because the amount realized includes a unitholder’s share of our nonrecourse liabilities, the gain recognized on the sale of units could result in a tax liability in excess of any cash received from the sale.

Except as noted below, gain or loss recognized by a unitholder on the sale or exchange of a unit held for more than one year generally will be taxable as long-term capital gain or loss. However, gain or loss recognized on the disposition of units will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to Section 751 Assets, such as depreciation recapture and our “inventory items,” regardless of whether such inventory item is substantially appreciated in value. Ordinary income attributable to Section 751 Assets may exceed net taxable gain realized on the sale of a unit and may be recognized even if there is a net taxable loss realized on the sale of a unit. Thus, a unitholder may recognize both ordinary income and capital gain or loss upon a sale of units. Net capital loss may offset capital gains and, in the case of individuals, up to \$3,000 of ordinary income per year.

For purposes of calculating gain or loss on the sale of units, the unitholder’s adjusted tax basis will be adjusted by its allocable share of our income or loss in respect of its units for the year of the sale. Furthermore, as described above, the IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all of those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an “equitable apportionment” method, which generally means that the tax basis allocated to the interest sold equals an amount that bears the same relation to the partner’s tax basis in its entire interest in the partnership as the value of the interest sold bears to the value of the partner’s entire interest in the partnership.

## [Table of Contents](#)

Treasury Regulations under Section 1223 of the Code allow a selling unitholder who can identify units transferred with an ascertainable holding period to elect to use the actual holding period of the units transferred. Thus, according to the ruling discussed in the paragraph above, a unitholder will be unable to select high or low basis units to sell as would be the case with corporate stock, but, according to the Treasury Regulations, it may designate specific units sold for purposes of determining the holding period of the units transferred. A unitholder electing to use the actual holding period of units transferred must consistently use that identification method for all subsequent sales or exchanges of our units. A unitholder considering the purchase of additional units or a sale of units purchased in separate transactions is urged to consult its tax advisor as to the possible consequences of this ruling and application of the Treasury Regulations.

Specific provisions of the Code affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an “appreciated” financial position, including a partnership interest with respect to which gain would be recognized if it were sold, assigned or terminated at its fair market value, in the event the taxpayer or a related person enters into:

- a short sale;
- an offsetting notional principal contract; or
- a futures or forward contract with respect to the partnership interest or substantially identical property.

Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to the partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Secretary of the Treasury is authorized to issue Treasury Regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position.

### ***Allocations Between Transferors and Transferees***

In general, our taxable income or loss will be determined annually, will be prorated on a monthly basis and will be subsequently apportioned among the unitholders in proportion to the number of units owned by each of them as of the opening of the applicable exchange on the first business day of the month (the “Allocation Date”). However, gain or loss realized on a sale or other disposition of our assets or, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction will be allocated among the unitholders on the Allocation Date in the month in which such income, gain, loss or deduction is recognized. As a result, a unitholder transferring units may be allocated income, gain, loss and deduction realized after the date of transfer.

Although simplifying conventions are contemplated by the Code and most publicly traded partnerships use similar simplifying conventions, the use of this method may not be permitted under existing Treasury Regulations. Recently, however, the Department of the Treasury and the IRS issued proposed Treasury Regulations that provide a safe harbor pursuant to which a publicly traded partnership may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders, although such tax items must be prorated on a daily basis. Nonetheless, the proposed regulations do not specifically authorize the use of the proration method we have adopted. Accordingly, Paul Hastings LLP is unable to opine on the validity of this method of allocating income and deductions between transferee and transferor unitholders. If this method is not allowed under the final Treasury Regulations, or only applies to transfers of less than all of the unitholder’s interest, our taxable income or losses could be reallocated among our unitholders. We are authorized to revise our method of allocation between transferee and transferor unitholders, as well as among unitholders whose interests vary during a taxable year, to conform to a method permitted under future Treasury Regulations.

## [Table of Contents](#)

A unitholder who disposes of units prior to the record date set for a cash distribution for that quarter will be allocated items of our income, gain, loss and deduction attributable to the month of disposition but will not be entitled to receive a cash distribution for that period.

### **Notification Requirements**

A unitholder who sells or purchases any of its units is generally required to notify us in writing of that transaction within 30 days after the transaction (or, if earlier, January 15 of the year following the transaction in the case of a seller). Upon receiving such notifications, we are required to notify the IRS of that transaction and to furnish specified information to the transferor and transferee. Failure to notify us of a transfer of units may, in some cases, lead to the imposition of penalties. However, these reporting requirements do not apply to a sale by an individual who is a citizen of the United States and who effects the sale through a broker who will satisfy such requirements.

### **Constructive Termination**

We will be considered to have “constructively” terminated as a partnership for federal income tax purposes upon the sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. The Topper Group collectively owns more than 30% of the total interests in our capital and profits. Therefore, a transfer of all or a portion of the Topper Group’s interests in us in addition to regular trading in our units could result in a termination of our partnership for federal income tax purposes. For purposes of measuring whether the 50% threshold is reached, multiple sales of the same unit are counted only once. A constructive termination results in the closing of our taxable year for all unitholders. In the case of a unitholder reporting on a taxable year other than the calendar year, the closing of our taxable year may result in more than twelve months of our taxable income or loss being includable in such unitholder’s taxable income for the year of termination.

A constructive termination occurring on a date other than December 31 generally would require that we file two tax returns for one fiscal year thereby increasing our administration and tax preparation costs. However, pursuant to an IRS relief procedure, the IRS may allow a constructively terminated partnership to provide a single Schedule K-1 for the calendar year in which a termination occurs. Following a constructive termination, we would be required to make new tax elections, including a new election under Section 754 of the Code, and the termination would result in a deferral of our deductions for depreciation. A termination could also result in penalties if we were unable to determine that the termination had occurred. Moreover, a termination may either accelerate the application of, or subject us to, any tax legislation enacted before the termination that would not otherwise have been applied to us as a continuing as opposed to a terminating partnership.

### **Uniformity of Units**

Because we cannot match transferors and transferees of units and other reasons, we must maintain uniformity of the economic and tax characteristics of the units to a purchaser of these units. In the absence of uniformity, we may be unable to completely comply with a number of federal income tax requirements. Any non-uniformity could have a negative impact on the value of the units. Please read “—Tax Consequences of Unit Ownership—Section 754 Election.”

Our partnership agreement permits our general partner to take positions in filing our tax returns that preserve the uniformity of our units. These positions may include reducing the depreciation, amortization or loss deductions to which a unitholder would otherwise be entitled or reporting a slower amortization of Section 743(b) adjustments for some unitholders than that to which they would otherwise be entitled. Paul Hastings LLP is unable to opine as to the validity of such filing positions.

A unitholder’s basis in units is reduced by its share of our deductions (whether or not such deductions were claimed on an individual income tax return) so that any position that we take that understates deductions

will overstate the unitholder's basis in its units, and may cause the unitholder to understate gain or overstate loss on any sale of such units. Please read “—Disposition of Units—Recognition of Gain or Loss” above and “—Tax Consequences of Unit Ownership—Section 754 Election” above. The IRS may challenge one or more of any positions we take to preserve the uniformity of units. If such a challenge were sustained, the uniformity of units might be affected, and, under some circumstances, the gain from the sale of units might be increased without the benefit of additional deductions.

### **Tax-Exempt Organizations and Other Investors**

Ownership of units by employee benefit plans and other tax-exempt organizations as well as by non-resident alien individuals, non-United States corporations and other non-United States persons (collectively, “non-U.S. unitholders”) raises issues unique to those investors and, as described below, may have substantially adverse tax consequences to them. Prospective unitholders that are tax-exempt entities or non-U.S. unitholders should consult their tax advisors before investing in our units. Employee benefit plans and most other tax-exempt organizations, including IRAs and other retirement plans, are subject to federal income tax on unrelated business taxable income. Virtually all of our income will be unrelated business taxable income and will be taxable to a tax-exempt unitholder.

Non-U.S. unitholders are taxed by the United States on income effectively connected with the conduct of a United States trade or business (“effectively connected income”) and on certain types of United States-source non-effectively connected income (such as dividends), unless exempted or further limited by an income tax treaty will be considered to be engaged in business in the United States because of their ownership of our units. Furthermore, it is probable that they will be deemed to conduct such activities through permanent establishments in the United States within the meaning of applicable tax treaties. Consequently, they will be required to file federal tax returns to report their share of our income, gain, loss or deduction and pay federal income tax on their share of our net income or gain in a manner similar to a taxable United States unitholder. Moreover, under rules applicable to publicly traded partnerships, distributions to non-U.S. unitholders are subject to withholding at the highest applicable effective tax rate. Each non-U.S. unitholder must obtain a taxpayer identification number from the IRS and submit that number to our transfer agent on a Form W-8BEN, W-8BEN-E or applicable substitute form in order to obtain credit for these withholding taxes.

In addition, because a non-U.S. unitholder classified as a corporation will be treated as engaged in a United States trade or business, that corporation may be subject to the United States branch profits tax at a rate of 30%, in addition to regular federal income tax, on its share of our income and gain as adjusted for changes in the foreign corporation's “United States net equity” to the extent reflected in the corporation's effectively connected earnings and profits. That tax may be reduced or eliminated by an income tax treaty between the United States and the country in which the foreign corporate unitholder is a “qualified resident.” In addition, this type of unitholder is subject to special information reporting requirements under Section 6038C of the Code.

A non-U.S. unitholder who sells or otherwise disposes of a unit will be subject to federal income tax on gain realized from the sale or disposition of that unit to the extent the gain is effectively connected with a United States trade or business of the non-U.S. unitholder. Under a ruling published by the IRS interpreting the scope of “effectively connected income,” gain recognized by a non-United States person from the sale of its interest in a partnership that is engaged in a trade or business in the United States will be considered to be effectively connected with a United States trade or business. Thus, part or all of a non-U.S. unitholder's gain from the sale or other disposition of its units may be treated as effectively connected with a unitholder's indirect United States trade or business constituted by its investment in us. Moreover, under the Foreign Investment in Real Property Tax Act, a non-U.S. unitholder generally will be subject to federal income tax upon the sale or disposition of a unit if (i) it owned (directly or indirectly constructively applying certain attribution rules) more than 5% of our units at any time during the five-year period ending on the date of such disposition and (ii) 50% or more of the fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business consisted of United States real property interests (which include United States real estate (including

## [Table of Contents](#)

land, improvements, and certain associated personal property) and interests in certain entities holding United States real estate) at any time during the shorter of the period during which such unitholder held the units or the 5-year period ending on the date of disposition. More than 50% of our assets may consist of United States real property interests. Therefore, non-U.S. unitholders may be subject to federal income tax on gain from the sale or disposition of their units.

### **Administrative Matters**

#### ***Information Returns and Audit Procedures***

We intend to furnish to each unitholder, within 90 days after the close of each taxable year, specific tax information, including a Schedule K-1, which describes its share of our income, gain, loss and deduction for our preceding taxable year. In preparing this information, which will not be reviewed by counsel, we will take various accounting and reporting positions, some of which have been mentioned earlier, to determine each unitholder's share of income, gain, loss and deduction. We cannot assure our unitholders that those positions will yield a result that conforms to all of the requirements of the Code, Treasury Regulations or administrative interpretations of the IRS.

The IRS may audit our federal income tax information returns. Neither we nor Paul Hastings LLP can assure prospective unitholders that the IRS will not successfully challenge the positions we adopt, and such a challenge could adversely affect the value of the units. Adjustments resulting from an IRS audit may require each unitholder to adjust a prior year's tax liability and may result in an audit of the unitholder's own return. Any audit of a unitholder's return could result in adjustments unrelated to our returns.

Publicly traded partnerships generally are treated as entities separate from their owners for purposes of federal income tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined in a partnership proceeding rather than in separate proceedings of the partners. The Code requires that one partner be designated as the "Tax Matters Partner" for these purposes, and our general partner has designated CST USA, Inc., an affiliate of our general partner, as "Tax Matters Partner."

The Tax Matters Partner can extend the statute of limitations for assessment of tax deficiencies against unitholders for items in our returns. The Tax Matters Partner may bind a unitholder with less than a 1% profits interest in us to a settlement with the IRS unless that unitholder elects, by filing a statement with the IRS, not to give that authority to the Tax Matters Partner. The Tax Matters Partner may seek judicial review, by which all the unitholders are bound, of a final partnership administrative adjustment and, if the Tax Matters Partner fails to seek judicial review, judicial review may be sought by any unitholder having at least a 1% interest in profits or by any group of unitholders having in the aggregate at least a 5% interest in profits. However, only one action for judicial review may go forward, and each unitholder with an interest in the outcome may participate in that action.

A unitholder must file a statement with the IRS identifying the treatment of any item on its federal income tax return that is not consistent with the treatment of the item on our return. Intentional or negligent disregard of this consistency requirement may subject a unitholder to substantial penalties.

#### ***Nominee Reporting***

Persons who hold an interest in us as a nominee for another person are required to furnish to us:

- (1) the name, address and taxpayer identification number of the beneficial owner and the nominee;
- (2) a statement regarding whether the beneficial owner is:

- (a) a non-United States person;



## [Table of Contents](#)

(b) a non-United States government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing; or

(c) a tax-exempt entity;

(3) the amount and description of units held, acquired or transferred for the beneficial owner; and

(4) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required to furnish additional information, including whether they are United States persons and specific information on units they acquire, hold or transfer for their own account. A penalty of \$100 per failure, up to a maximum of \$1.5 million per calendar year, is imposed by the Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the units with the information furnished to us.

### ***Accuracy-Related Penalties***

Certain penalties may be imposed as a result of an underpayment of tax that is attributable to one or more specified causes, including negligence or disregard of rules or regulations, substantial understatements of income tax and substantial valuation misstatements. No penalty will be imposed, however, for any portion of an underpayment if it is shown that there was a reasonable cause for the underpayment of that portion and that the taxpayer acted in good faith regarding the underpayment of that portion. We do not anticipate that any accuracy-related penalties will be assessed against us.

### **State, Local, Non-United States and Other Tax Considerations**

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

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

**It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of its investment in us. We strongly recommend that each prospective unitholder consult, and depend on, its own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local, and non-United States, as well as United States federal tax returns that may be required of it. Paul Hastings LLP has not rendered an opinion on the state, local, alternative minimum tax or non-United States tax consequences of an investment in us.**

## UNDERWRITING

Subject to the terms and conditions stated in an underwriting agreement, dated as of June 16, 2015, by and among us, our general partner and each of the underwriters named below, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as representative, the underwriters have severally agreed to purchase from us, and we have agreed to sell to them, the number of common units set forth opposite their names below:

<u>Underwriter</u>	<u>Number of Common Units</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,012,000
Barclays Capital Inc.	782,000
J.P. Morgan Securities LLC	782,000
Raymond James & Associates, Inc.	690,000
RBC Capital Markets, LLC	690,000
Robert W. Baird & Co. Incorporated	161,000
Janney Montgomery Scott LLC	161,000
Oppenheimer & Co. Inc.	161,000
Stephens Inc.	161,000
Total	<u>4,600,000</u>

The underwriting agreement provides that the obligations of the underwriters to purchase and accept delivery of the common units offered by this prospectus are subject to the satisfaction of the conditions contained in the underwriting agreement, including:

- the representations and warranties made by us to the underwriters are true;
- there is no material adverse change in the financial market; and
- we deliver customary closing documents and legal opinions to the underwriters.

The underwriters are obligated to purchase and accept delivery of all of the common units offered by this prospectus, if any are purchased, other than those covered by the option to purchase additional common units described below.

The underwriters propose to offer the common units directly to the public at the public offering price indicated on the cover page of this prospectus and to various dealers at that price less a concession not in excess of \$0.756 per unit. If all of the common units are not sold at the public offering price, the underwriters may change the public offering price and other selling terms. The common units are offered by the underwriters as stated in this prospectus, subject to receipt and acceptance by them. The underwriters reserve the right to reject an order for the purchase of the common units in whole or in part.

### **Option to Purchase Additional Common Units**

We have granted the underwriters an option, exercisable for 30 days after the date of this prospectus, to purchase from time to time up to an aggregate of 690,000 additional common units at the public offering price less the underwriting discount set forth on the cover page of this prospectus.

## [Table of Contents](#)

### Discounts and Expenses

The following table shows the amount per common unit and total underwriting discounts we will pay to the underwriters (dollars in thousands, except per unit amounts). The amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional common units.

	Paid by CrossAmerica Partners LP	
	No Exercise	Full Exercise
Per common unit	\$ 1.26	\$ 1.26
Total <sup>(1)</sup>	\$ 5,774,328	\$ 6,643,728

- (1) Certain of our directors and an officer of an affiliate expect to purchase approximately 17,200 common units in this offering directly from the underwriters at a price equal to the public offering price. The underwriters will receive no underwriting discount or commission on the sale of these common units.

In no event will the compensation to be paid to Financial Industry Regulatory Authority ("FINRA") members in connection with this offering, including without limitation, underwriting discount and commissions, exceed 10% of the proceeds from the sale of the common units. The expenses of this offering that are payable by us are estimated to be \$300,000.

### Indemnification

We have agreed to indemnify the underwriters against certain liabilities that may arise in connection with this offering, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for those liabilities.

### Lock-Up Agreements

We, our general partner, certain of our general partner's officers and directors and certain of our affiliates have agreed with the underwriters, for a period of 45 days after the date of this prospectus, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated:

- not to offer for sale, sell, pledge or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any common units or securities convertible into or exchangeable for common units (other than (i) the offering and sale of the common units pursuant to the registration statement on Form S-3 (File No. 333-192035) (the "Registration Statement"), (ii) purchases of common units in open market transactions following the completion of the offering and sale of the common units pursuant to the Registration Statement, (iii) transfers of common units or options or other rights to acquire common units to employees, officers or directors by or pursuant to employee benefit plans, qualified option plans or other employee arrangements or director compensation plans as in effect on the date hereof and (iv) the issuance by us of common units or securities convertible into or exchangeable for common units as consideration for any merger or acquisition made by us provided that the recipient agrees to be bound by these restrictions), or sell or grant options, rights or warrants with respect to any common units or securities convertible into or exchangeable for common units (other than transfers of common units or options or other rights to acquire common units to employees, officers or directors by or pursuant to employee benefit plans, qualified option plans or other employee arrangements or director compensation plans as in effect on the date hereof);
- not to enter into any swap or other derivatives transaction (other than a transaction involving an option or other derivative security permitted by the bullet above) that transfers to another, in whole

## Table of Contents

or in part, any of the economic benefits or risks of ownership of common units, whether such transaction is to be settled by delivery of common units or other securities, in cash or otherwise;

- not to file or cause to be filed a registration statement, including any amendments, with respect to the registration of any common units or securities convertible, exercisable or exchangeable into common units or any other securities of the Partnership (other than any registration statement on Form S-8, the Registration Statement or any amendment or supplement to the Registration Statement); and
- not to publicly disclose the intention to do any of the foregoing.

Except as noted above, these agreements also prohibit us from entering into any of the foregoing transactions with respect to any securities that are convertible into or exchangeable for the common units or with respect to us, to publicly disclose the intention to do the foregoing transactions.

Merrill Lynch, Pierce, Fenner & Smith Incorporated may, in its discretion and at any time without notice, release all or any portion of the securities subject to these agreements. Merrill Lynch, Pierce, Fenner & Smith Incorporated does not have any present intent or any understanding to release all or any portion of the securities subject to these agreements.

The 45-day period described in the preceding paragraphs will be extended if:

- during the last 17 days of the 45-day period, we issue an earnings release or announce material news or a material event relating to us occurs; or
- prior to the expiration of the 45-day period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 45-day period, in which case the restrictions described in the preceding paragraphs will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release, the announcement of the material news or the occurrence of the material event.

## **Stabilization**

Until this offering is completed, rules of the SEC may limit the ability of the underwriters to bid for and purchase the common units. As an exception to these rules, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of the common units, including:

- short sales;
- syndicate covering transactions;
- imposition of penalty bids; and
- purchases to cover positions created by short sales.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the common units while this offering is in progress. Stabilizing transactions may include making short sales of common units, which involve the sale by the underwriters of a greater number of common units than they are required to purchase in this offering and purchasing common units from us or in the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ option to purchase additional common units referred to above, or may be “naked” shorts, which are short positions in excess of that amount.

## [Table of Contents](#)

Each underwriter may close out any covered short position either by exercising its option to purchase additional common units, in whole or in part, or by purchasing common units in the open market. In making this determination, each underwriter will consider, among other things, the price of common units available for purchase in the open market compared to the price at which the underwriter may purchase common units pursuant to the option to purchase additional common units.

A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common units in the open market that could adversely affect investors who purchased in this offering. To the extent that the underwriters create a naked short position, they will purchase common units in the open market to cover the position.

As a result of these activities, the price of the common units may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them without notice at any time. The underwriters may carry out these transactions on the NYSE or otherwise.

### **Relationships**

Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., J.P. Morgan Securities LLC, Raymond James & Associates, Inc. and RBC Capital Markets, LLC are lenders under our revolving credit facility, and each will receive a portion of the net proceeds from this offering through our repayment, with proceeds from this offering, of amounts outstanding under our credit facility. The underwriters and their affiliates have provided and may provide, from time to time in the future, investment banking, financial advisory or other financial services for us and our affiliates, for which they may receive advisory or transaction fees, as applicable, plus out-of-pocket expenses, of the nature and in amounts customary in the industry for these financial services.

### **Listing**

Our common units are listed on the NYSE under the symbol "CAPL."

### **Electronic Prospectus**

A prospectus in electronic format may be available on the Internet sites or through other online services maintained by one or more of the underwriters participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the underwriters, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of common units for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriters' website and any information contained in any other website maintained by the underwriters is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter and should not be relied upon by investors.

### **FINRA Rules**

Because FINRA views the common units offered hereby as interests in a direct participation program, this offering is being made in compliance with FINRA Rule 2310. Investor suitability with respect to the common units should be judged similarly to the suitability with respect to other securities that are listed for trading on a national securities exchange.

## **LEGAL MATTERS**

Certain legal matters are being passed upon for us by Paul Hastings LLP, Houston, Texas. Certain legal matters are being passed upon for the underwriters by Andrews Kurth LLP, Houston, Texas.

## **EXPERTS**

The audited consolidated financial statements and schedule, and management's assessment of the effectiveness of internal control over financial reporting incorporated by reference in this prospectus and elsewhere in the registration statement have been so incorporated by reference in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

The consolidated audited financial statements of Petroleum Marketers, Incorporated, and its subsidiaries, as of June 30, 2013 and 2012, and for the years then ended, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent auditors, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The audited consolidated financial statements of Erickson Oil Products, Inc., including the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations, stockholders' equity and cash flows for the fiscal years ended September 30, 2014 and 2013, have been incorporated by reference herein in reliance upon the report of Redpath and Company, Ltd., independent auditors, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and other reports and other information with the SEC under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). You may read and copy any reports, statements or other information filed by us at the SEC’s public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of such materials can be obtained by mail at prescribed rates from the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings with the SEC are also available to the public from commercial document retrieval services and at the SEC’s web site at <http://www.sec.gov>.

We “incorporate by reference” information into this prospectus supplement, which means that we disclose important information to you by referring you to other documents filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained expressly in this prospectus supplement, and the information we file later with the SEC will automatically supersede this information (other than information furnished and not filed with the SEC). You should not assume that the information in this prospectus supplement is current as of any date other than the date on the front page of this prospectus supplement.

We incorporate by reference in this prospectus supplement the documents listed below:

- our Annual Report on Form 10-K for the year ended December 31, 2014, filed February 27, 2015;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed May 8, 2015;
- our Current Reports on Form 8-K filed January 8, 2015, February 20, 2015, February 27, 2015, March 4, 2015, March 5, 2015, March 27, 2015 and June 15, 2015 and our Current Reports on Form 8-K/A filed on July 8, 2014 and April 28, 2015; and
- the description of the common units contained in the Registration Statement on Form 8-A, initially filed on October 22, 2012, and any subsequent amendment thereto filed for the purpose of updating such description.

You may request a copy of any document incorporated by reference in this prospectus supplement or the accompanying base prospectus and any exhibit specifically incorporated by reference in those documents, at no cost, by writing or telephoning us at the following address or phone number:

CrossAmerica Partners LP  
645 Hamilton Street, Suite 500  
Allentown, PA 18101  
(610) 625-8000  
Attn: Investor Relations

We also make available free of charge on our internet website at <http://www.crossamericapartners.com> our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and Section 16 reports, and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying base prospectus and you should not consider information contained on our website as part of this prospectus supplement or the accompanying base prospectus.



## **Lehigh Gas Partners LP**

**Common Units**

**Other Classes of Units Representing  
Limited Partner Interests**

## **Lehigh Gas Partners LP**

### **LGP Finance Corp.**

**Debt Securities**

**Guarantees of Debt Securities**

---

We may from time to time offer up to \$500,000,000 of the following securities under this prospectus:

- common units representing limited partner interests in Lehigh Gas Partners LP;
- other classes of units representing limited partner interests in Lehigh Gas Partners LP; and
- debt securities of Lehigh Gas Partners LP and LGP Finance Corp., which may be senior debt securities or subordinated debt securities.

If a series of debt securities is guaranteed, we expect that such series will be fully and unconditionally guaranteed by subsidiaries of Lehigh Gas Partners LP.

This prospectus describes the general terms of the securities and the general manner in which we will offer the securities. The specific terms of any securities we offer will be included in a supplement to this prospectus. The prospectus supplement will also describe the specific manner in which we will offer the securities.

Our common units are traded on the New York Stock Exchange under the symbol "LGP."

We will provide information in the prospectus supplement for the trading market, if any, for any debt securities or other classes of units representing limited partner interests we may offer.

---

**Investing in our securities involves risks, including those associated with the inherent differences between limited partnerships and corporations. You should carefully consider the risks relating to investing in common units and each of the other risk factors described under "[Risk Factors](#)" beginning on page 7 of this prospectus before you make an investment in our securities.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

---

**The date of this prospectus is December 4, 2013.**



## Table of Contents

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different information. You should not assume that the information incorporated by reference or provided in this prospectus is accurate as of any date other than the date on the front of this prospectus.

### TABLE OF CONTENTS

<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	2
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>ABOUT LEHIGH GAS PARTNERS LP</u>	5
<u>ABOUT LGP FINANCE CORP.</u>	6
<u>RISK FACTORS</u>	7
<u>USE OF PROCEEDS</u>	8
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	9
<u>DESCRIPTION OF THE COMMON UNITS</u>	10
<u>The Units</u>	10
<u>Transfer Agent and Registrar</u>	10
<u>Transfer of Common Units</u>	10
<u>DESCRIPTION OF THE OTHER CLASSES OF UNITS</u>	12
<u>DESCRIPTION OF THE DEBT SECURITIES</u>	13
<u>General</u>	13
<u>Specific Terms of Each Series of Debt Securities in the Prospectus Supplement</u>	13
<u>Guarantees</u>	14
<u>Consolidation, Merger or Asset Sale</u>	14
<u>No Protection in the Event of a Change of Control</u>	15
<u>Modification of Indentures</u>	15
<u>Events of Default and Remedies</u>	16
<u>No Limit on Amount of Debt Securities</u>	17
<u>Registration of Notes</u>	17
<u>Minimum Denominations</u>	17
<u>No Personal Liability</u>	17
<u>Payment and Transfer</u>	17
<u>Exchange, Registration and Transfer</u>	17
<u>Provisions Relating only to the Senior Debt Securities</u>	18
<u>Provisions Relating only to the Subordinated Debt Securities</u>	18
<u>Book Entry, Delivery and Form</u>	18
<u>Satisfaction and Discharge; Defeasance</u>	19
<u>Governing Law</u>	20
<u>The Trustee</u>	20
<u>HOW WE MAKE DISTRIBUTIONS TO OUR PARTNERS</u>	22
<u>General</u>	22
<u>Operating Surplus and Capital Surplus</u>	22
<u>Capital Expenditures</u>	24
<u>Subordination Period</u>	25
<u>Distributions of Cash From Operating Surplus During the Subordination Period</u>	26
<u>Distributions of Cash From Operating Surplus After the Subordination Period</u>	26

## Table of Contents

<a href="#"><u>General Partner Interest</u></a>	27
<a href="#"><u>Incentive Distribution Rights</u></a>	27
<a href="#"><u>Percentage Allocations of Cash Distributions From Operating Surplus</u></a>	27
<a href="#"><u>General Partner's Right to Reset Incentive Distribution Levels</u></a>	28
<a href="#"><u>Distributions From Capital Surplus</u></a>	30
<a href="#"><u>Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels</u></a>	30
<a href="#"><u>Distributions of Cash Upon Liquidation</u></a>	31
<b><u>CONFLICTS OF INTEREST AND FIDUCIARY DUTIES</u></b>	34
<a href="#"><u>Conflicts of Interest</u></a>	34
<a href="#"><u>Fiduciary Duties</u></a>	38
<b><u>THE PARTNERSHIP AGREEMENT</u></b>	41
<a href="#"><u>Organization and Duration</u></a>	41
<a href="#"><u>Purpose</u></a>	41
<a href="#"><u>Distributions</u></a>	41
<a href="#"><u>Capital Contributions</u></a>	41
<a href="#"><u>Voting Rights</u></a>	41
<a href="#"><u>Applicable Law; Forum, Venue and Jurisdiction</u></a>	42
<a href="#"><u>Limited Liability</u></a>	43
<a href="#"><u>Issuance of Additional Interests</u></a>	44
<a href="#"><u>Amendment of the Partnership Agreement</u></a>	44
<a href="#"><u>Merger, Consolidation, Sale or Other Disposition of Assets</u></a>	46
<a href="#"><u>Dissolution</u></a>	47
<a href="#"><u>Liquidation and Distribution of Proceeds</u></a>	47
<a href="#"><u>Withdrawal or Removal of Our General Partner</u></a>	47
<a href="#"><u>Transfer of General Partner Interest</u></a>	49
<a href="#"><u>Transfer of Ownership Interests in Our General Partner</u></a>	49
<a href="#"><u>Transfer of Subordinated Units and Incentive Distribution Rights</u></a>	49
<a href="#"><u>Change of Management Provisions</u></a>	49
<a href="#"><u>Call Right</u></a>	50
<a href="#"><u>Ineligible Holders; Redemption</u></a>	50
<a href="#"><u>Meetings; Voting</u></a>	50
<a href="#"><u>Voting Rights of Incentive Distribution Rights</u></a>	51
<a href="#"><u>Status as Limited Partner</u></a>	51
<a href="#"><u>Indemnification</u></a>	52
<a href="#"><u>Reimbursement of Expenses</u></a>	52
<a href="#"><u>Books and Reports</u></a>	52
<a href="#"><u>Right to Inspect Our Books and Records</u></a>	53
<a href="#"><u>Registration Rights</u></a>	53
<b><u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u></b>	54
<a href="#"><u>Taxation of the Partnership</u></a>	54
<a href="#"><u>Tax Consequences of Unit Ownership</u></a>	57
<a href="#"><u>Tax Treatment of Operations</u></a>	61
<a href="#"><u>Disposition of Units</u></a>	61
<a href="#"><u>Uniformity of Units</u></a>	64
<a href="#"><u>Tax-Exempt Organizations and Other Investors</u></a>	64
<a href="#"><u>Administrative Matters</u></a>	65
<a href="#"><u>State, Local, Non-U.S. and Other Tax Considerations</u></a>	66
<b><u>INVESTMENT BY EMPLOYEE BENEFIT PLANS</u></b>	68
<b><u>PLAN OF DISTRIBUTION</u></b>	70
<b><u>LEGAL MATTERS</u></b>	72
<b><u>EXPERTS</u></b>	72

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the “SEC”) using a “shelf” registration process or continuous offering process. Under this shelf registration process, we may sell up to \$500,000,000 in aggregate offering price of the securities described in this prospectus in one or more offerings. Each time we sell securities with this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities being offered. That prospectus supplement may include additional risk factors or other special considerations applicable to those securities. Any prospectus supplement may also add, update, or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement.

Additional information, including our financial statements and the notes thereto, is incorporated in this prospectus by reference to our reports filed with the SEC. See “Where You Can Find More Information.” You are urged to read this prospectus and our SEC reports in their entirety.

References in this prospectus to “our Predecessor” refer to the portion of the business of Lehigh Gas Corporation, or “LGC,” and its subsidiaries and affiliates that were contributed to Lehigh Gas Partners LP in connection with our initial public offering. Unless the context requires otherwise, references in this prospectus to the “Partnership,” “Lehigh Gas Partners LP,” “we,” “our,” “us,” or like terms, when used in the context of the periods following the completion of our initial public offering refer to Lehigh Gas Partners LP and its subsidiaries and, when used in the context of the periods prior to the completion of the initial public offering, refer to the portion of the business of our Predecessor, the wholesale distribution business of Lehigh Gas-Ohio, LLC and real property and leasehold interests contributed to us in connection with the Offering by Joseph V. Topper, Jr., the Chief Executive Officer and the Chairman of the board of directors of our general partner and/or his affiliates.

References to “our General Partner” or “Lehigh Gas GP” refer to Lehigh Gas GP LLC, the general partner of Lehigh Gas Partners LP and a wholly owned subsidiary of LGC. References to “LGO” refer to Lehigh Gas-Ohio, LLC, an entity managed by Joseph V. Topper, Jr., the Chief Executive Officer and the Chairman of the board of directors of our General Partner. All of LGO’s wholesale distribution businesses were contributed to us in connection with our initial public offering. References to the “Topper Group” refer to Joseph V. Topper, Jr., collectively with those of his affiliates and family trusts that have ownership interests in our Predecessor. A trust of which Joseph V. Topper, Jr. is a trustee owns all of the outstanding stock of LGC. The Topper Group, including LGC, will hold a significant portion of the limited partner interests in us. Through his ownership of LGC, Joseph V. Topper, Jr. controls our General Partner.

References to “lessee dealers” refer to third parties that operate sites that we own or lease and that we, in turn, lease such third-party sites to the lessee dealers; “independent dealers” refer to third parties that own their sites or lease their sites from a landlord other than us; and “sub-wholesalers” refer to third parties that elect to purchase motor fuels from us, on a wholesale basis, instead of purchasing directly from major integrated oil companies and refiners.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and other reports and other information with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You may read and copy any reports, statements or other information filed by us at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of such materials can be obtained by mail at prescribed rates from the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings with the SEC are also available to the public from commercial document retrieval services and at the SEC's web site at <http://www.sec.gov>.

We "incorporate by reference" information into this prospectus, which means that we disclose important information to you by referring you to other documents filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained expressly in this prospectus, and the information we file later with the SEC will automatically supersede this information (other than information furnished and not filed with the SEC). You should not assume that the information in this prospectus is current as of any date other than the date on the front page of this prospectus.

We incorporate by reference in this prospectus the documents listed below:

- Our Annual Report on Form 10-K for the year ended December 31, 2012, filed March 28, 2013;
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed May 14, 2013;
- Our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, filed August 9, 2013;
- Our Current Reports on Form 8-K filed March 15, 2013, May 13, 2013, June 11, 2013, August 2, 2013, August 8, 2013, September 3, 2013, September 24, 2013 and September 25, 2013 and our Current Report on Form 8-K/A filed March 6, 2013, in each case excluding any information furnished pursuant to Item 2.02 or Item 7.01; and
- The description of the common units contained in the Registration Statement on Form 8-A, initially filed on October 22, 2012, and any subsequent amendment thereto filed for the purpose of updating such description.

In addition, we incorporate by reference in this prospectus any future filings made by Lehigh Gas Partners LP with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act (excluding any information furnished and not filed with the SEC) after the date on which the registration statement that includes this prospectus was initially filed with the SEC (including all such documents we may file with the SEC after the date of the initial registration statement and prior to the effectiveness of the registration statement) and until all offerings under this shelf registration statement are terminated.

You may request a copy of any document incorporated by reference in this prospectus and any exhibit specifically incorporated by reference in those documents, at no cost, by writing or telephoning us at the following address or phone number:

Lehigh Gas Partners LP  
702 West Hamilton Street, Suite 203  
Allentown, PA 18101  
(610) 625-8000  
Attn: Investor Relations

We also make available free of charge on our internet website at <http://www.lehighgaspartners.com> our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and Section 16 reports, and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our website is not incorporated by reference into this prospectus and you should not consider information contained on our website as part of this prospectus.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and oral statements made regarding the subjects of this prospectus may contain forward-looking statements, which may include, but are not limited to, statements regarding our plans, objectives, expectations and intentions and other statements that are not historical facts, including statements identified by words such as “outlook,” “intends,” “plans,” “estimates,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “anticipates,” “foresees,” or the negative version of these words or other comparable expressions. All statements addressing operating performance, events, or developments that the Partnership expects or anticipates will occur in the future, including statements relating to revenue growth and earnings or earnings per unit growth, as well as statements expressing optimism or pessimism about future operating results, are forward-looking statements. The forward-looking statements are based upon our current views and assumptions regarding future events and operating performance and are inherently subject to significant business, economic and competitive uncertainties and contingencies and changes in circumstances, many of which are beyond our control. The statements in this prospectus are made as of the date of this prospectus, even if subsequently made available by us on our website or otherwise. We do not undertake any obligation to update or revise these statements to reflect events or circumstances occurring after the date of this prospectus.

Although the Partnership does not make forward-looking statements unless it believes it has a reasonable basis for doing so, the Partnership cannot guarantee their accuracy. Achieving the results described in these statements involves a number of risks, uncertainties and other factors that could cause actual results to differ materially, including the following factors:

- Availability of cash flow to pay minimum quarterly distribution on our common units;
- The availability and cost of competing motor fuels resources;
- A rise in fuel prices or a decrease in demand for motor fuels;
- 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;
- Future legislation and changes in regulations or governmental policies or changes in enforcement or interpretations thereof;
- 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;
- Unexpected environmental liabilities;
- The outcome of pending or future litigation; and
- Other factors, including those discussed in “Risk Factors.”

---

[Table of Contents](#)

See “Risk Factors.” All written and oral forward-looking statements attributable to the Partnership, or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this prospectus, in our most recent Annual Report on Form 10-K, including any amendments thereto, and, to the extent applicable, in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as amended, in the context of these risks and uncertainties. The Partnership cautions you that the important factors referenced above may not contain all of the factors that are important to you.

## **ABOUT LEHIGH GAS PARTNERS LP**

We are a Delaware limited partnership formed to engage in the wholesale distribution of motor fuels, consisting of gasoline and diesel fuel, and to own and lease real estate used in the retail distribution of motor fuels. Since our Predecessor was founded in 1992, we have generated revenues from the wholesale distribution of motor fuels to retail sites and from real estate leases.

Our primary business objective is to make quarterly cash distributions to our unitholders and, over time, to increase our quarterly cash distributions.

Cash flows from the wholesale distribution of motor fuels will be generated primarily by a per gallon margin that is either a fixed mark-up per gallon or a variable rate mark-up per gallon, depending on our contract terms. By delivering motor fuels through independent carriers on the same day we purchase the motor fuels from suppliers, we seek to minimize the commodity price risks typically associated with the purchase and sale of motor fuels. We generate cash flows from rent income primarily by collecting rent from lessee dealers and LGO pursuant to lease agreements.

Our principal executive offices are located at 702 West Hamilton Street, Suite 203, Allentown, PA 18101, and our phone number is (610) 625-8000.

**ABOUT LGP FINANCE CORP.**

LGP Finance Corp. was incorporated under the laws of the State of Delaware in October 2013, is wholly owned by Lehigh Gas Partners LP and has no material assets or any liabilities other than as a co-issuer of debt securities. Its activities are limited to co-issuing debt securities and engaging in other activities incidental thereto.



## **RISK FACTORS**

An investment in our securities involves a significant degree of risk. Before you invest in our securities, you should carefully consider those risk factors included in our most recent Annual Report on Form 10-K, subsequent quarterly reports on Form 10-Q and any Current Reports on Form 8-K, each of which is incorporated herein by reference, and those risk factors that may be included in the applicable prospectus supplement together with all of the other information included in this prospectus, any prospectus supplement and the documents we incorporate by reference in evaluating an investment in our securities.

If any of the risks discussed in the foregoing documents were to occur, our business, financial condition, results of operations and cash flows could be materially adversely affected. In that case, we may be unable to pay distributions to our unitholders or pay interest on, or principal of, any debt securities, the trading price of our common units could decline and you could lose all or part of your investment.

## USE OF PROCEEDS

Except as otherwise provided in the applicable prospectus supplement, we will use the net proceeds we receive from the sale of the securities covered by this prospectus for general partnership purposes, which may include, among other things, funding acquisitions of assets or businesses, working capital, capital expenditures and the repayment or refinancing of all or a portion of our debt. The actual application of proceeds we receive from the sale of any particular offering of securities using this prospectus will be described in the applicable prospectus supplement relating to such offering.

**RATIO OF EARNINGS TO FIXED CHARGES**

The table below sets forth our and our Predecessor's ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis. For purposes of determining the ratio of earnings to fixed charges, earnings are defined as the total of pre-tax income from continuing operations before adjustment for income or loss from equity investees, plus fixed charges, plus amortization of capitalized interest, plus distributed income of equity investees plus pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges, less the total of interest capitalized, preference security dividend requirements of consolidated subsidiaries and the noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges. Fixed charges are defined as the total of interest expensed and capitalized, plus amortized premiums, plus discounts and capitalized expenses related to indebtedness, plus an estimate of the interest within rental expense and preference security dividend requirements of consolidated subsidiaries.

	<b>Our Predecessor</b>					<b>Lehigh Gas Partners LP</b>	
	<b>For the Year Ended December 31, 2008</b>	<b>For the Year Ended December 31, 2009</b>	<b>For the Year Ended December 31, 2010</b>	<b>For the Year Ended December 31, 2011</b>	<b>Period from January 1 to October 30, 2012</b>	<b>Period from October 31 to December 31, 2012</b>	<b>Six Months Ended June 30, 2013</b>
Ratio of earnings to fixed charges	1.48	1.54	1.12	1.88	1.25	0.57	2.78

## DESCRIPTION OF THE COMMON UNITS

### **The Units**

The common units and the subordinated units are separate classes of units representing limited partner interests in us. The holders of units are entitled to participate in partnership distributions and exercise the rights or privileges available to limited partners under our partnership agreement.

### **Transfer Agent and Registrar**

#### ***Duties***

American Stock Transfer & Trust Company, LLC will serve as registrar and transfer agent for the common units. We pay all fees charged by the transfer agent for transfers of common units, except the following that must be paid by unitholders:

- surety bond premiums to replace lost or stolen certificates, taxes and other governmental charges;
- special charges for services requested by a holder of a common unit; and
- other similar fees or charges.

There will be no charge to unitholders for disbursements of our cash distributions. We will indemnify the transfer agent, its agents and each of their stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence or intentional misconduct of the indemnified person or entity.

#### ***Resignation or Removal***

The transfer agent may resign, by notice to us, or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If no successor is appointed, our general partner may act as the transfer agent and registrar until a successor is appointed.

### **Transfer of Common Units**

Upon the transfer of a common unit in accordance with our partnership agreement, the transferee of the common unit shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission are reflected in our books and records. Each transferee:

- represents that the transferee has the capacity, power and authority to become bound by our partnership agreement;
- automatically becomes bound by the terms and conditions of our partnership agreement; and
- gives the consents, waivers and approvals contained in our partnership agreement.

Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly.

We may, at our discretion, treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

---

[Table of Contents](#)

Common units are securities and any transfers are subject to the laws governing the transfer of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a substituted limited partner in our partnership for the transferred common units.

Until a common unit has been transferred on our books, we and the transfer agent may treat the record holder of the common unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

## DESCRIPTION OF THE OTHER CLASSES OF UNITS

Our partnership agreement authorizes us to issue an unlimited number of additional limited partner interests and other equity securities for the consideration and with the rights, preferences, and privileges established by our general partner without the approval of any of our limited partners. A copy of our partnership agreement is filed as an exhibit to the registration statement of which this prospectus is a part. As of October 31, 2013, no other classes of units, representing limited partner interests, were outstanding other than the common units and the subordinated units.

Should we offer other classes of units, representing limited partner interests, under this prospectus, a prospectus supplement relating to the particular class or series of units offered will include the specific terms of those units, including, among other things, the following:

- the designation, stated value, and liquidation preference of the units and the number of units to constitute the class or series;
- the number of units to be offered;
- the public offering price at which the units will be issued;
- any sinking fund provisions of the units;
- the voting rights, if any, of the units;
- the distribution rights of the units, if any;
- whether the units will be redeemable and, if so, the price and the terms and conditions on which the units may be redeemed, including the time during which the units may be redeemed and any accumulated distributions thereof, if any, that the holders of the units will be entitled to receive upon the redemption thereof;
- the terms and conditions, if any, on which the units will be convertible into, or exchangeable for, the units of any other class or series of units representing limited partner interests, including the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same;
- a discussion of any additional material federal income tax considerations (other than as discussed in this prospectus), if any, regarding the units; and
- any additional rights, preferences, privileges, limitations, and restrictions of the units.

The particular terms of any class or series of units will also be described in the amendment to our partnership agreement relating to that class or series of units, which will be filed as an exhibit to or incorporated by reference in this prospectus at or before the time of issuance of any such class or series of units.

The transfer agent, registrar, and distributions disbursement agent for the units will be designated in the applicable prospectus supplement.

## DESCRIPTION OF THE DEBT SECURITIES

### General

The debt securities will be:

- our direct general obligations;
- either senior debt securities or subordinated debt securities; and
- issued under separate indentures among us, any subsidiary guarantors and a trustee.

Lehigh Gas Partners LP may issue debt securities in one or more series, and LGP Finance Corp. may be a co-issuer of one or more series of debt securities. LGP Finance Corp. was incorporated under the laws of the State of Delaware on October 23, 2013, is wholly owned by Lehigh Gas Partners LP and has no material assets or liabilities other than as a co-issuer of debt securities. Its activities will be limited to co-issuing debt securities and engaging in other activities incidental thereto. When used in this section, “Description of the Debt Securities,” the terms “we,” “us,” “our” and “issuers” refer jointly to Lehigh Gas Partners LP and LGP Finance Corp., and the terms “Lehigh Gas Partners” and “LGP Finance Corp.” refer strictly to Lehigh Gas Partners LP and LGP Finance Corp., respectively.

If we offer senior debt securities, we will issue them under a senior indenture. If we issue subordinated debt securities, we will issue them under a subordinated indenture. The trustee under each indenture (the “Trustee”) will be named in the applicable prospectus supplement. A form of each indenture is filed as an exhibit to the registration statement of which this prospectus is a part. The following is a summary of the material provisions of each indenture. You should read the relevant indenture because it, and not this description, controls your rights as holders of the debt securities. Capitalized terms used in the summary have the meanings specified in the indentures.

### Specific Terms of Each Series of Debt Securities in the Prospectus Supplement

A prospectus supplement and a supplemental indenture or authorizing resolutions relating to any series of debt securities being offered will include specific terms relating to the offering. These terms will include some or all of the following:

- whether LGP Finance Corp. will be a co-issuer of the debt securities and whether or not any of the other subsidiaries of Lehigh Gas Partners will guarantee the debt securities;
- whether the debt securities are senior or subordinated debt securities;
- the title of the debt securities;
- the total principal amount of the debt securities;
- the assets, if any, that are pledged as security for the payment of the debt securities;
- whether we will issue the debt securities in individual certificates to each holder in registered form, or in the form of temporary or permanent global securities held by a depository on behalf of holders;
- the prices at which we will issue the debt securities;
- the portion of the principal amount that will be payable if the maturity of the debt securities is accelerated;
- the currency or currency unit in which the debt securities will be payable, if not U.S. dollars;
- the dates on which the principal of the debt securities will be payable;
- the interest rate that the debt securities will bear and the interest payment dates for the debt securities;
- any conversion or exchange provisions;

## [Table of Contents](#)

- any optional redemption provisions;
- any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;
- any changes to or additional events of default or covenants; and
- any other terms of the debt securities.

We may offer and sell debt securities, including original issue discount debt securities, at a substantial discount below their principal amount. The prospectus supplement will describe special U.S. federal income tax and any other considerations applicable to those securities. In addition, the prospectus supplement may describe certain special U.S. federal income tax or other considerations applicable to any debt securities that are denominated in a currency other than U.S. dollars.

### **Guarantees**

If specified in the prospectus supplement relating to a series of debt securities, the subsidiaries of Lehigh Gas Partners LP specified in the prospectus supplement will unconditionally guarantee to each holder and the Trustee, on a joint and several basis, the full and prompt payment of principal of, premium, if any, and interest on the debt securities of that series when and as the same become due and payable, whether at stated maturity, upon redemption or repurchase, by declaration of acceleration or otherwise. If a series of debt securities is guaranteed, such series will be guaranteed by substantially all of the wholly-owned domestic subsidiaries of Lehigh Gas Partners LP. The prospectus supplement will describe any limitation on the maximum amount of any particular guarantee and the conditions under which guarantees may be released.

The guarantees will be general obligations of the guarantors. Guarantees of subordinated debt securities will be subordinated to the Senior Indebtedness of the guarantors on the same basis as the subordinated debt securities are subordinated to the Senior Indebtedness of Lehigh Gas Partners LP.

### **Consolidation, Merger or Asset Sale**

Each indenture will, in general, allow us to consolidate or merge with or into another domestic entity. It will also allow each issuer to sell, lease, transfer or otherwise dispose of all or substantially all of its assets to another domestic entity. If this happens, the remaining or acquiring entity must assume all of the issuer's responsibilities and liabilities under the indenture including the payment of all amounts due on the debt securities and performance of the issuer's covenants in the indenture.

However, each indenture will impose certain requirements with respect to any consolidation or merger with or into an entity, or any sale, lease, transfer or other disposition of all or substantially all of an issuer's assets, including:

- the remaining or acquiring entity must be organized under the laws of the United States, any state or the District of Columbia; provided that LGP Finance Corp. may not merge or consolidate with or into another entity other than a corporation satisfying such requirement for so long as Lehigh Gas Partners LP is not a corporation;
- the remaining or acquiring entity must assume the issuer's obligations under the indenture; and
- immediately after giving effect to the transaction, no Default or Event of Default (as defined under "—Events of Default and Remedies" below) may exist.

The remaining or acquiring entity will be substituted for the issuer in the indenture with the same effect as if it had been an original party to the indenture, and, except in the case of a lease of all or substantially all of its assets, the issuer will be relieved from any further obligations under the indenture.



### **No Protection in the Event of a Change of Control**

Unless otherwise set forth in the prospectus supplement, the debt securities will not contain any provisions that protect the holders of the debt securities in the event of a change of control of us or in the event of a highly leveraged transaction, whether or not such transaction results in a change of control of us.

### **Modification of Indentures**

We may supplement or amend an indenture if the holders of a majority in aggregate principal amount of the outstanding debt securities of all series issued under the indenture affected by the supplement or amendment consent to it. Further, the holders of a majority in aggregate principal amount of the outstanding debt securities of any series may waive past defaults under the indenture and compliance by us with our covenants with respect to the debt securities of that series only. Those holders may not, however, waive any default in any payment on any debt security of that series or compliance with a provision that cannot be supplemented or amended without the consent of each holder affected. Without the consent of each outstanding debt security affected, no modification of the indenture or waiver may:

- reduce the principal amount of debt securities whose holders must consent to an amendment, supplement or waiver;
- reduce the principal of or change the fixed maturity of any debt security;
- reduce or waive the premium payable upon redemption or alter or waive the provisions with respect to the redemption of the debt securities (except as may be permitted in the case of a particular series of debt securities);
- reduce the rate of or change the time for payment of interest on any debt security;
- waive a Default or an Event of Default in the payment of principal of or premium, if any, or interest on the debt securities (except a rescission of acceleration of the debt securities by the holders of a majority in aggregate principal amount of the debt securities and a waiver of the payment default that resulted from such acceleration);
- except as otherwise permitted under the indenture, release any security that may have been granted with respect to the debt securities;
- make any debt security payable in currency other than that stated in the debt securities;
- in the case of any subordinated debt security, make any change in the subordination provisions that adversely affects the rights of any holder under those provisions;
- make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of holders of debt securities to receive payments of principal of or premium, if any, or interest on the debt securities;
- waive a redemption payment with respect to any debt security (except as may be permitted in the case of a particular series of debt securities); or
- make any change in the preceding amendment, supplement and waiver provisions (except to increase any percentage set forth therein).

We may supplement or amend an indenture without the consent of any holders of the debt securities in certain circumstances, including:

- to establish the form or terms of any series of debt securities;
- to cure any ambiguity, defect or inconsistency;
- to provide for uncertificated notes in addition to or in place of certificated notes;
- to provide for the assumption of an issuer's obligations to holders of debt securities in the case of a merger or consolidation or disposition of all or substantially all of such issuer's assets;

## Table of Contents

- in the case of any subordinated debt security, to make any change in the subordination provisions that limits or terminates the benefits applicable to any holder of Senior Indebtedness of Lehigh Gas Partners LP;
- to make any changes that would provide any additional rights or benefits to the holders of debt securities or that do not, taken as a whole, adversely affect the rights under the indenture of any holder of debt securities;
- to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act;
- to evidence or provide for the acceptance of appointment under the indenture of a successor Trustee;
- to add any additional Events of Default; or
- to secure the debt securities.

### **Events of Default and Remedies**

“Event of Default,” when used in an indenture, will mean any of the following with respect to the debt securities of any series:

- failure to pay when due the principal of or any premium on any debt security of that series;
- failure to pay, within 30 days of the due date, interest on any debt security of that series;
- failure to pay when due any sinking fund payment with respect to any debt securities of that series;
- failure on the part of an issuer to comply with the covenant described under “—Consolidation, Merger or Asset Sale”;
- failure to perform any other covenant in the indenture that continues for 60 days after written notice is given to the issuers;
- certain events of bankruptcy, insolvency or reorganization of an issuer; or
- any other Event of Default provided under the terms of the debt securities of that series.

An Event of Default for a particular series of debt securities will not necessarily constitute an Event of Default for any other series of debt securities issued under an indenture. The Trustee may withhold notice to the holders of debt securities of any default (except in the payment of principal, premium, if any, or interest) if it considers such withholding of notice to be in the best interests of the holders.

If an Event of Default described in the sixth bullet point above occurs, the entire principal of, premium, if any, and accrued interest on, all debt securities then outstanding will be due and payable immediately, without any declaration or other act on the part of the Trustee or any holders. If any other Event of Default for any series of debt securities occurs and continues, the Trustee or the holders of at least 25% in aggregate principal amount of the debt securities of the series may declare the entire principal of, and accrued interest on, all the debt securities of that series to be due and payable immediately. If this happens, subject to certain conditions, the holders of a majority in the aggregate principal amount of the debt securities of that series can rescind the declaration.

Other than its duties in case of a default, a Trustee is not obligated to exercise any of its rights or powers under either indenture at the request, order or direction of any holders, unless the holders offer the Trustee reasonable security or indemnity. If they provide this reasonable security or indemnification, the holders of a majority in aggregate principal amount of any series of debt securities may direct the time, method and place of conducting any proceeding or any remedy available to the Trustee, or exercising any power conferred upon the Trustee, for that series of debt securities.

## [Table of Contents](#)

### **No Limit on Amount of Debt Securities**

Neither indenture will limit the amount of debt securities that we may issue, unless we indicate otherwise in a prospectus supplement. Each indenture will allow us to issue debt securities of any series up to the aggregate principal amount that we authorize.

### **Registration of Notes**

We will issue debt securities of a series only in registered form, without coupons, unless otherwise indicated in the prospectus supplement.

### **Minimum Denominations**

Unless the prospectus supplement states otherwise, the debt securities will be issued only in principal amounts of \$1,000 each or integral multiples of \$1,000.

### **No Personal Liability**

None of the past, present or future partners, incorporators, managers, members, directors, officers, employees, unitholders or stockholders of either issuer or the general partner of Lehigh Gas Partners LP will have any liability for the obligations of the issuers under either indenture or the debt securities or for any claim based on such obligations or their creation. Each holder of debt securities by accepting a debt security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the debt securities. The waiver may not be effective under federal securities laws, however, and it is the view of the SEC that such a waiver is against public policy.

### **Payment and Transfer**

The Trustee will initially act as paying agent and registrar under each indenture. The issuers may change the paying agent or registrar without prior notice to the holders of debt securities, and the issuers or any of their subsidiaries may act as paying agent or registrar.

If a holder of debt securities has given wire transfer instructions to the issuers, the issuers will make all payments on the debt securities in accordance with those instructions. All other payments on the debt securities will be made at the corporate trust office of the Trustee, unless the issuers elect to make interest payments by check mailed to the holders at their addresses set forth in the debt security register.

The Trustee and any paying agent will repay to us upon request any funds held by them for payments on the debt securities that remain unclaimed for two years after the date upon which that payment has become due. After payment to us, holders entitled to the money must look to us for payment as general creditors.

### **Exchange, Registration and Transfer**

Debt securities of any series will be exchangeable for other debt securities of the same series, the same total principal amount and the same terms but in different authorized denominations in accordance with the indenture. Holders may present debt securities for exchange or registration of transfer at the office of the registrar. The registrar will effect the transfer or exchange when it is satisfied with the documents of title and identity of the person making the request. We will not charge a service charge for any registration of transfer or exchange of the debt securities. We may, however, require the payment of any tax or other governmental charge payable for that registration.

## [Table of Contents](#)

We will not be required:

- to issue, register the transfer of, or exchange debt securities of a series either during a period beginning 15 business days prior to the selection of debt securities of that series for redemption and ending on the close of business on the day of mailing of the relevant notice of redemption, or between a record date and the next succeeding interest payment date; or
- to register the transfer of or exchange any debt security called for redemption or repurchase, except the unredeemed portion of any debt security we are redeeming or repurchasing in part.

### **Provisions Relating only to the Senior Debt Securities**

The senior debt securities will rank equally in right of payment with all of our other unsubordinated debt. The senior debt securities will be effectively subordinated, however, to all of our secured debt to the extent of the value of the collateral for that debt. We will disclose the amount of our secured debt in the prospectus supplement.

### **Provisions Relating only to the Subordinated Debt Securities**

#### ***Subordinated Debt Securities Subordinated to Senior Indebtedness***

The subordinated debt securities will rank junior in right of payment to all of the Senior Indebtedness of Lehigh Gas Partners LP. "Senior Indebtedness" will be defined in a supplemental indenture or authorizing resolutions respecting any issuance of a series of subordinated debt securities, and the definition will be set forth in the prospectus supplement.

#### ***Payment Blockages***

The subordinated indenture will provide that no payment of principal, interest and any premium on the subordinated debt securities may be made in the event:

- we or our property is involved in any voluntary or involuntary liquidation or bankruptcy;
- we fail to pay the principal, interest, any premium or any other amounts on any Senior Indebtedness of Lehigh Gas Partners LP within any applicable grace period or the maturity of such Senior Indebtedness is accelerated following any other default, subject to certain limited exceptions set forth in the subordinated indenture; or
- any other default on any Senior Indebtedness of Lehigh Gas Partners LP occurs that permits immediate acceleration of its maturity, in which case a payment blockage on the subordinated debt securities will be imposed for a maximum of 179 days at any one time.

#### ***No Limitation on Amount of Senior Debt***

The subordinated indenture will not limit the amount of Senior Indebtedness that Lehigh Gas Partners LP may incur, unless otherwise indicated in the prospectus supplement.

### **Book Entry, Delivery and Form**

The debt securities of a particular series may be issued in whole or in part in the form of one or more global certificates that will be deposited with the Trustee as custodian for The Depository Trust Company, New York, New York ("DTC"). This means that we will not issue certificates to each holder. Instead, one or more global debt securities will be issued to DTC, who will keep a computerized record of its participants (for example, your broker) whose clients have purchased the debt securities. The participant will then keep a record of its clients who purchased the debt securities. Unless it is exchanged in whole or in part for a certificated debt security, a global debt security may not be transferred, except that DTC, its nominees and their successors may transfer a global debt security as a whole to one another.

## Table of Contents

Beneficial interests in global debt securities will be shown on, and transfers of global debt securities will be made only through, records maintained by DTC and its participants.

DTC has provided us the following information: DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered under the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also records the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for Direct Participants’ accounts. This eliminates the need to exchange certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC’s book-entry system is also used by other organizations such as securities brokers and dealers, banks, trust companies and clearing corporations that work through a Direct Participant. The rules that apply to DTC and its participants are on file with the SEC.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries.

We will wire all payments on the global debt securities to DTC’s nominee. We and the Trustee will treat DTC’s nominee as the owner of the global debt securities for all purposes. Accordingly, we, the Trustee and any paying agent will have no direct responsibility or liability to pay amounts due on the global debt securities to owners of beneficial interests in the global debt securities.

It is DTC’s current practice, upon receipt of any payment on the global debt securities, to credit Direct Participants’ accounts on the payment date according to their respective holdings of beneficial interests in the global debt securities as shown on DTC’s records. In addition, it is DTC’s current practice to assign any consenting or voting rights to Direct Participants whose accounts are credited with debt securities on a record date, by using an omnibus proxy. Payments by participants to owners of beneficial interests in the global debt securities, and voting by participants, will be governed by the customary practices between the participants and owners of beneficial interests, as is the case with debt securities held for the account of customers registered in “street name.” However, payments will be the responsibility of the participants and not of DTC, the Trustee or us.

Debt securities represented by a global debt security will be exchangeable for certificated debt securities with the same terms in authorized denominations only if:

- DTC notifies us that it is unwilling or unable to continue as depository or if DTC ceases to be a clearing agency registered under applicable law and in either event a successor depository is not appointed by us within 90 days; or
- an Event of Default occurs and DTC notifies the Trustee of its decision to exchange the global debt security for certificated debt securities.

### **Satisfaction and Discharge; Defeasance**

Each indenture will be discharged and will cease to be of further effect as to all outstanding debt securities of any series issued thereunder, when:

(1) either:

(a) all outstanding debt securities of that series that have been authenticated (except lost, stolen or destroyed debt securities that have been replaced or paid and debt securities for whose payment money has theretofore been deposited in trust and thereafter repaid to us) have been delivered to the Trustee for cancellation; or

## [Table of Contents](#)

(b) all outstanding debt securities of that series that have not been delivered to the Trustee for cancellation have become due and payable by reason of the giving of a notice of redemption or otherwise or will become due and payable at their stated maturity within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee and in any case we have irrevocably deposited or caused to be irrevocably deposited with the Trustee as trust funds in trust cash in U.S. dollars, non-callable U.S. Government Obligations or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness of such debt securities not delivered to the Trustee for cancellation, for principal, premium, if any, and accrued interest to the date of such deposit (in the case of debt securities that have been due and payable) or the stated maturity or redemption date;

(2) we have paid or caused to be paid all other sums payable by us under the indenture; and

(3) we have delivered an officers' certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

The debt securities of a particular series will be subject to legal or covenant defeasance to the extent, and upon the terms and conditions, set forth in the prospectus supplement.

### **Governing Law**

Each indenture and all of the debt securities will be governed by the laws of the State of New York.

### **The Trustee**

We will enter into the indentures with a Trustee that is qualified to act under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and with any other trustees chosen by us and appointed in a supplemental indenture for a particular series of debt securities. We may maintain a banking relationship in the ordinary course of business with our trustee and one or more of its affiliates.

#### ***Resignation or Removal of Trustee***

If the Trustee has or acquires a conflicting interest within the meaning of the Trust Indenture Act while a default is pending, the Trustee must either eliminate its conflicting interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and the applicable indenture. Any resignation will require the appointment of a successor trustee under the applicable indenture in accordance with the terms and conditions of such indenture.

The Trustee may resign or be removed by us with respect to one or more series of debt securities and a successor Trustee may be appointed to act with respect to any such series. The holders of a majority in aggregate principal amount of the debt securities of any series may remove the Trustee with respect to the debt securities of such series.

#### ***Limitations on Trustee if it is Our Creditor***

Each indenture will contain certain limitations on the right of the Trustee, in the event that it becomes a creditor of an issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise.

#### ***Annual Trustee Report to Holders of Debt Securities***

The Trustee is required to submit an annual report to the holders of the debt securities regarding, among other things, the Trustee's eligibility to serve as such, the priority of the Trustee's claims regarding certain advances made by it, and any action taken by the Trustee materially affecting the debt securities.

---

[Table of Contents](#)

***Certificates and Opinions to be Furnished to Trustee***

Each indenture will provide that, in addition to other certificates or opinions that may be specifically required by other provisions of the indenture, every application by us for action by the Trustee shall be accompanied by a certificate of certain of our officers and an opinion of counsel (who may be our counsel) stating that, in the opinion of the signers, all conditions precedent to such action have been complied with by us.

## HOW WE MAKE DISTRIBUTIONS TO OUR PARTNERS

### General

We intend to make cash distributions each quarter to unitholders of record on the applicable record date. We intend to distribute to the holders of common units and subordinated units on a quarterly basis at least the minimum quarterly distribution of \$0.4375 per unit, or \$1.75 per unit per year, to the extent we have sufficient cash available for distribution.

Our partnership agreement does not contain a requirement for us to pay distributions, whether in the form of cash or equity, to our unitholders. However, it does contain provisions intended to motivate our general partner to make steady, increasing and sustainable distributions over time.

### Operating Surplus and Capital Surplus

#### General

Any distributions we make will be characterized as made from “operating surplus” or “capital surplus.” Distributions from operating surplus are made differently than we would distribute cash from capital surplus. Operating surplus distributions will be made to our unitholders and, if we make quarterly distributions above the first target distribution level described below, to the holders of our incentive distribution rights. We do not anticipate that we will make any distributions from capital surplus. In such an event, however, any capital surplus distribution would be made pro rata to all unitholders, but the holders of the incentive distribution rights would generally not participate in any capital surplus distributions with respect to those rights.

#### Operating Surplus

We define operating surplus as:

- \$15 million (as described below); *plus*
- all of our cash receipts, excluding cash from interim capital transactions (as defined below) *provided* that cash receipts from the termination of a commodity hedge or interest rate hedge prior to its specified termination date shall be included in operating surplus in equal quarterly installments over the remaining scheduled life of such commodity hedge or interest rate hedge; *plus*
- working capital borrowings made after the end of a period but on or before the date of determination of operating surplus for the period; *plus*
- cash distributions paid in respect of equity issued (including incremental distributions on incentive distribution rights) to finance all or a portion of expansion capital expenditures in respect of the period from such financing until the earlier to occur of the date the capital asset commences commercial service and the date that it is abandoned or disposed of; *plus*
- cash distributions paid in respect of equity issued (including incremental distributions on incentive distribution rights) to pay the construction period interest on debt incurred, or to pay construction period distributions on equity issued, to finance the expansion capital expenditures referred to above, in each case, in respect of the period from such financing until the earlier to occur of the date the capital asset is placed in service and the date that it is abandoned or disposed of; *less*
- all of our operating expenditures (as defined below); *less*
- the amount of cash reserves established by our general partner to provide funds for future operating expenditures; *less*
- all working capital borrowings not repaid within twelve months after having been incurred (or repaid with the proceeds of additional working capital borrowings); *less*
- any loss realized on disposition of an investment capital expenditure.



## [Table of Contents](#)

Operating surplus does not reflect actual cash on hand that is available for distribution to our unitholders and is not limited to cash generated by our operations. For example, it includes a basket of \$15 million that will enable us, if we choose, to distribute as operating surplus cash we receive in the future from non-operating sources such as asset sales, issuances of securities and long-term borrowings that would otherwise be distributed as capital surplus. In addition, the effect of including, as described above, certain cash distributions on equity interests in operating surplus will be to increase operating surplus by the amount of any such cash distributions. As a result, we may also distribute as operating surplus up to the amount of any such cash that we receive from non-operating sources.

The proceeds of working capital borrowings increase operating surplus and repayments of working capital borrowings are generally operating expenditures, as described below, and thus reduce operating surplus when made. However, if a working capital borrowing is not repaid during the twelve-month period following the borrowing, it will be deemed repaid at the end of such period, thus decreasing operating surplus at such time. When such working capital borrowing is in fact repaid, it will be excluded from operating expenditures because operating surplus will have been previously reduced by the deemed repayment.

We define operating expenditures in our partnership agreement, and it generally means all of our cash expenditures, including, but not limited to, management fees paid to LGC, taxes, reimbursement of expenses to our general partner or its affiliates, payments made under interest rate hedge agreements or commodity hedge agreements (provided that (1) with respect to amounts paid in connection with the initial purchase of an interest rate hedge contract or a commodity hedge contract, such amounts will be amortized over the life of the applicable interest rate hedge contract or commodity hedge contract and (2) payments made in connection with the termination of any interest rate hedge contract or commodity hedge contract prior to the expiration of its stipulated settlement or termination date will be included in operating expenditures in equal quarterly installments over the remaining scheduled life of such interest rate hedge contract or commodity hedge contract), officer compensation, repayment of working capital borrowings, debt service payments and maintenance capital expenditures, provided that operating expenditures will not include:

- repayment of working capital borrowings deducted from operating surplus pursuant to the penultimate bullet point of the definition of operating surplus above when such repayment actually occurs;
- payments (including prepayments and prepayment penalties and the purchase price of indebtedness that is repurchased and cancelled) of principal of and premium on indebtedness, other than working capital borrowings;
- expansion capital expenditures;
- investment capital expenditures;
- payment of transaction expenses relating to interim capital transactions;
- distributions to our partners (including distributions in respect of our incentive distribution rights); or
- repurchases of equity interests except to fund obligations under employee benefit plans.

### ***Capital Surplus***

Capital surplus is defined in our partnership agreement as any distribution of cash in excess of our operating surplus. Accordingly, capital surplus would generally be generated only by the following which (we refer to as “interim capital transactions”):

- borrowings other than working capital borrowings;
- sales of our equity and debt securities; and
- sales or other dispositions of assets for cash, other than inventory, accounts receivable and other assets sold in the ordinary course of business or as part of normal retirement or replacement of assets.

### ***Characterization of Cash Distributions***

Our partnership agreement requires that we treat all distributions as coming from operating surplus until the sum of all distributions since we began operations equals the operating surplus through the end of the quarter immediately preceding that distribution. Our partnership agreement requires that we treat any amount distributed in excess of operating surplus, regardless of its source, as capital surplus. As described above, operating surplus includes up to \$15 million, which does not reflect actual cash on hand that is available for distribution to our unitholders. Rather, it is a provision that will enable us, if we choose, to distribute as operating surplus up to this amount that would otherwise be distributed as capital surplus. We do not anticipate that we will make any distributions from capital surplus.

### **Capital Expenditures**

Maintenance capital expenditures reduce operating surplus, but expansion capital expenditures and investment capital expenditures do not. Maintenance capital expenditures are those capital expenditures required to maintain our long-term operating income or operating capacity. Examples of maintenance capital expenditures include 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/renovations or to replace equipment required to operate our existing business. Maintenance capital expenditures will also include interest (and related fees) on debt incurred and distributions on equity issued (including incremental distributions on incentive distribution rights) to finance all or any portion of the construction or development of a replacement asset that is paid in respect of the period that begins when we enter into a binding obligation to commence constructing or developing a replacement asset and ending on the earlier to occur of the date that any such replacement asset commences commercial service and the date that it is abandoned or disposed of. Capital expenditures made solely for investment purposes will not be considered maintenance capital expenditures.

Expansion capital expenditures are those capital expenditures that we expect will increase our operating income or operating capacity over the long term. Examples of expansion capital expenditures include the acquisition of new sites or the construction or expansion of convenience stores or carwashes at our sites, to the extent such capital expenditures are expected to expand our long-term operating income or operating capacity. Expansion capital expenditures will also include interest (and related fees) on debt incurred and distributions on equity issued (including incremental distributions on incentive distribution rights) to finance all or any portion of the construction of such capital improvement in respect of the period that commences when we enter into a binding obligation to commence construction of a capital improvement and ending on the earlier to occur of the date any such capital improvement commences commercial service and the date that it is disposed of or abandoned. Capital expenditures made solely for investment purposes will not be considered expansion capital expenditures.

Investment capital expenditures are those capital expenditures that are neither maintenance capital expenditures nor expansion capital expenditures. Investment capital expenditures largely will consist of capital expenditures made for investment purposes. Examples of investment capital expenditures include traditional capital expenditures for investment purposes, such as purchases of securities, as well as other capital expenditures that might be made in lieu of such traditional investment capital expenditures, such as the acquisition of a capital asset for investment purposes, but which are not expected to expand, for more than the short term, our operating income or operating capacity.

Neither investment capital expenditures nor expansion capital expenditures are included in operating expenditures, and thus will not reduce operating surplus. Because expansion capital expenditures include interest payments (and related fees) on debt incurred to finance all or a portion of the construction or improvement of a capital asset in respect of a period that begins when we enter into a binding obligation to commence construction of a capital improvement and ending on the earlier to occur of the date any such capital asset commences commercial service and the date that it is abandoned or disposed of, such interest payments also do not reduce operating surplus. Losses on disposition of an investment capital expenditure will reduce operating surplus when realized and cash receipts from an investment capital expenditure will be treated as a cash receipt for purposes of calculating operating surplus only to the extent the cash receipt is a return on principal.

## [Table of Contents](#)

Capital expenditures that are made in part for maintenance capital purposes, investment capital purposes and/or expansion capital purposes will be allocated as maintenance capital expenditures, investment capital expenditures or expansion capital expenditures by our general partner.

### **Subordination Period**

#### ***General***

Our partnership agreement provides that, during the subordination period (which we describe below), the common units will have the right to receive distributions from operating surplus each quarter in an amount equal to \$0.4375 per common unit, which amount is defined in our partnership agreement as the minimum quarterly distribution, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of cash from operating surplus may be made on the subordinated units. Furthermore, the subordinated units will not accrue arrearages. The practical effect of the subordination period is to increase the likelihood that during such period there will be sufficient cash from operating surplus to pay the minimum quarterly distribution on the common units.

#### ***Subordination Period***

Except as described below, the subordination period began on the closing date of our initial public offering and will expire on the first business day after the distribution to unitholders in respect of any quarter, beginning with the quarter ending December 31, 2015, if each of the following has occurred:

- distributions of cash from operating surplus on each of the outstanding common and subordinated units equaled or exceeded the minimum quarterly distribution of \$0.4375 per unit for each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date;
- the “adjusted operating surplus” (as defined below) generated during each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date equaled or exceeded the sum of the minimum quarterly distribution on all of the outstanding common and subordinated units during those periods on a fully diluted weighted average basis; and
- there are no arrearages in payment of the minimum quarterly distribution on the common units.

#### ***Early Termination of Subordination Period***

Notwithstanding the foregoing, the subordination period will automatically terminate on the first business day after the distribution to unitholders in respect of any quarter, beginning with the quarter ending December 31, 2013, if each of the following has occurred:

- distributions of cash from operating surplus on each of the outstanding common and subordinated units equaled or exceeded \$2.6250 (150.0% of the annualized minimum quarterly distribution) for each quarter in the four-quarter period immediately preceding that date;
- the “adjusted operating surplus” (as defined below) generated during the four-quarter period immediately preceding that date equaled or exceeded the sum of \$2.6250 (150.0% of the annualized minimum quarterly distribution) on all of the outstanding units on a fully diluted weighted average basis and the related distribution on the incentive distribution rights; and
- there are no arrearages in payment of the minimum quarterly distribution on the common units.

#### ***Expiration Upon Removal of the General Partner***

In addition, if the unitholders remove our general partner other than for cause:

- the subordinated units held by any person will immediately and automatically convert into common units on a one-for-one basis, provided (1) neither such person nor any of its affiliates voted any of its units in favor of the removal and (2) such person is not an affiliate of the successor general partner; and

## [Table of Contents](#)

- if all of the subordinated units convert pursuant to the foregoing, all cumulative arrearages on the common units will be extinguished and the subordination period will end.

### ***Expiration of the Subordination Period***

When the subordination period ends, each outstanding subordinated unit will convert into one common unit and will then participate pro-rata with the other common units in cash distributions.

### ***Adjusted Operating Surplus***

Adjusted operating surplus is intended to reflect the cash generated from operations during a particular period and therefore excludes net increases in working capital borrowings and net drawdowns of reserves of cash generated in prior periods. Adjusted operating surplus consists of:

- operating surplus generated with respect to that period (excluding any amounts attributable to the items described in the first bullet point under “—Operating Surplus and Capital Surplus—Operating Surplus” above); *less*
- the amount of any net increase in working capital borrowings with respect to that period; *less*
- the amount of any net decrease in cash reserves for operating expenditures with respect to that period not relating to an operating expenditure made with respect to that period; *plus*
- the amount of any net decrease in working capital borrowings with respect to that period; *plus*
- the amount of any net increase in cash reserves for operating expenditures with respect to that period required by any debt instrument for the repayment of principal, interest or premium; *plus*
- the amount of any net decrease made in subsequent periods in cash reserves for operating expenditures initially established with respect to such period to the extent such decrease results in a reduction of adjusted operating surplus in subsequent periods pursuant to the third bullet point above.

### **Distributions of Cash From Operating Surplus During the Subordination Period**

If we make a distribution from operating surplus for any quarter during the subordination period, our partnership agreement requires that we make the distribution in the following manner:

- *first*, 100.0% to the common unitholders, pro rata, until we distribute for each common unit an amount equal to the minimum quarterly distribution for that quarter and any arrearages in payment of the minimum quarterly distribution for prior quarters;
- *second*, 100.0% to the subordinated unitholders, pro rata, until we distribute for each subordinated unit an amount equal to the minimum quarterly distribution for that quarter; and
- *thereafter*, in the manner described in “—Incentive Distribution Rights” below.

The preceding discussion is based on the assumption that we do not issue additional classes of equity interests.

### **Distributions of Cash From Operating Surplus After the Subordination Period**

If we make a distribution from operating surplus for any quarter after the subordination period, our partnership agreement requires that we make the distribution in the following manner:

- *first*, 100.0% to all common unitholders, pro rata, until we distribute for each common unit an amount equal to the minimum quarterly distribution for that quarter; and
- *thereafter*, in the manner described in “—Incentive Distribution Rights” below.

The preceding discussion is based on the assumption that we do not issue additional classes of equity interests.

## General Partner Interest

Our general partner owns a non-economic general partner interest in us and thus will not be entitled to distributions that we make prior to our liquidation in respect of such interest.

## Incentive Distribution Rights

Incentive distribution rights represent the right to receive an increasing percentage (15.0%, 25.0% and 50.0%) of quarterly distributions from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. A trust, the trustee of which is Joseph V. Topper, Jr., holds 85% of our incentive distribution rights, and a trust, the trustee of which is John B. Reilly, holds the remaining 15%. The holders of our incentive distribution rights may transfer these rights at any time.

The following discussion assumes that there are no arrearages on common units.

If for any quarter:

- we have distributed cash from operating surplus to the common and subordinated unitholders in an amount equal to the minimum quarterly distribution; and
- we have distributed cash from operating surplus on outstanding common units in an amount necessary to eliminate any cumulative arrearages in payment of the minimum quarterly distribution;

then, our partnership agreement requires that any incremental distributions from operating surplus for that quarter will be made among the unitholders and the holders of the incentive distribution rights in the following manner:

- first, 100.0% to all unitholders, pro rata, until each unitholder receives a total of \$0.5031 per unit for that quarter (the “first target distribution”);
- second, 85.0% to all unitholders, pro rata, and 15.0% to the holders of incentive distribution rights, until each unitholder receives a total of \$0.5469 per unit for that quarter (the “second target distribution”);
- third, 75.0% to all unitholders, pro rata, and 25.0% to the holders of the incentive distribution rights, until each unitholder receives a total of \$0.6563 per unit for that quarter (the “third target distribution”); and
- thereafter, 50.0% to all unitholders, pro rata, and 50.0% to the holders of the incentive distribution rights.

## Percentage Allocations of Cash Distributions From Operating Surplus

The following table illustrates the percentage allocations of the cash distributions from operating surplus between the unitholders and the holders of the incentive distribution rights based on the specified target distribution levels. The amounts set forth under “Marginal Percentage Interest in Distributions” are the percentage interests of the holders of the incentive distribution rights and the unitholders in any cash distributions from operating surplus we distribute up to and including the corresponding amount in the column “Total Quarterly Distribution Per Common and Subordinated Unit,” until cash we distribute from operating surplus reaches the next target distribution level, if any. The percentage interests shown for the unitholders and the holders of the incentive distribution rights for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution.

	Total Quarterly Distribution Per Common and Subordinated Unit	Marginal Percentage Interest in Distribution	
	Target Amount	Unitholders	Holders of Incentive Distribution Rights
Minimum Quarterly Distribution	\$0.4375	100%	0%
First Target Distribution	\$0.4375 up to \$0.5031	100%	0%
Second Target Distribution	above \$0.5031 up to \$0.5469	85%	15%
Third Target Distribution	above \$0.5469 up to \$0.6563	75%	25%
Thereafter	above \$0.6563	50%	50%

## **General Partner's Right to Reset Incentive Distribution Levels**

The holders of a majority of our incentive distribution rights have the right under our partnership agreement to elect to relinquish the right to receive incentive distribution payments based on the initial cash target distribution levels and to reset, at higher levels, the target distribution levels upon which the incentive distribution payments to the holders of the incentive distribution rights would be set. The right to reset the target distribution levels upon which the incentive distributions are based may be exercised, without approval of our unitholders or the conflicts committee of our general partner, at any time when there are no subordinated units outstanding and we have made cash distributions to the holders of the incentive distribution rights at the highest level of incentive distribution for each of the prior four consecutive fiscal quarters. The reset target distribution levels will be higher than the target distribution levels prior to the reset such that there will be no incentive distributions paid under the reset target distribution levels until cash distributions per unit following this event increase as described below. We anticipate that this reset right would be exercised in order to facilitate acquisitions or internal growth projects that would otherwise not be sufficiently accretive to cash distributions per common unit, taking into account the existing levels of incentive distribution payments being made to the holders of the incentive distribution rights.

In connection with the resetting of the target distribution levels and the corresponding relinquishment by the holders of the incentive distribution rights of incentive distribution payments based on the target cash distributions prior to the reset, the holders will be entitled to receive a number of newly issued common units based on a predetermined formula described below that takes into account the "cash parity" value of the cash distributions related to the incentive distribution rights received by the holders of the incentive distribution rights for the quarter prior to the reset event as compared to the average cash distributions per common unit during this period.

The number of common units that the holders of the incentive distribution rights would be entitled to receive from us in connection with a resetting of the minimum quarterly distribution amount and the target distribution levels then in effect would be equal to the quotient determined by dividing (x) the amount of cash distributions received by the holders of the incentive distribution rights for the most recent quarterly distribution by (y) the amount of cash distributed per common unit for such quarter. The holders of the incentive distribution rights would be entitled to receive distributions in respect of these common units pro rata in subsequent periods.

Following a reset election, quarterly baseline distribution amount will be calculated as an amount equal to the cash distribution amount per unit for the fiscal quarter immediately preceding the reset election (which amount we refer to as the "reset minimum quarterly distribution") and the target distribution levels will be reset to be correspondingly higher such that we would make distributions from operating surplus for each quarter thereafter as follows:

- first, 100.0% to all common unitholders, pro rata, until each unitholder receives an amount per unit equal to 115.0% of the reset minimum quarterly distribution for that quarter;
- second, 85.0% to all common unitholders, pro rata, and 15.0% to the holders of our incentive distribution rights, until each unitholder receives an amount per unit equal to 125.0% of the reset minimum quarterly distribution for the quarter;
- third, 75.0% to all common unitholders, pro rata, and 25.0% to the holders of our incentive distribution rights, until each unitholder receives an amount per unit equal to 150.0% of the reset minimum quarterly distribution for the quarter; and
- thereafter, 50.0% to all common unitholders, pro rata, and 50.0% to the holders of our incentive distribution rights.

Because a reset election can only occur after the subordination period expires, the reset minimum quarterly distribution will have no significance except as a baseline for the target distribution levels.

## Table of Contents

The following table illustrates the percentage allocation of distributions from operating surplus between the unitholders and the holders of our incentive distribution rights at various cash distribution levels (1) pursuant to the cash distribution provisions of our partnership agreement, as well as (2) following a hypothetical reset of the target distribution levels based on the assumption that the quarterly cash distribution amount per common unit during the prior fiscal quarter immediately preceding the reset election was \$0.7000.

	Quarterly Distribution Per Unit Prior to Reset	Marginal Percentage Interest in Distribution		Quarterly Distribution Per Unit Following Hypothetical Reset
		Unitholders	Holders of the Incentive Distribution Rights	
Minimum Quarterly Distribution	\$0.4375	100%	0%	\$0.7000
First Target Distribution	above \$0.4375 up to \$0.5031	100%	0%	above \$0.7000 up to \$0.8050(1)
Second Target Distribution	above \$0.5031 up to \$0.5469	85%	15%	above \$0.8050 up to \$0.8750(2)
Third Target Distribution	above \$0.5469 up to \$0.6563	75%	25%	above \$0.8750 up to \$1.0500(3)
Thereafter	above \$0.6563	50%	50%	above \$1.0500

(1) This amount is 115.0% of the hypothetical reset minimum quarterly distribution.

(2) This amount is 125.0% of the hypothetical reset minimum quarterly distribution.

(3) This amount is 150.0% of the hypothetical reset minimum quarterly distribution.

The following table illustrates the total amount of distributions from operating surplus that would be distributed to the unitholders and the holders of the incentive distribution rights, based on the amount distributed per quarter for the quarter immediately prior to the reset. The table assumes that immediately prior to the reset there would be 15,050,000 common units outstanding and the distribution to each common unit would be \$0.7000 per quarter for the quarter prior to the reset.

	Quarterly Distributions Per Unit	Cash Distributions to Common Unitholders	Cash Distributions to Holders of the Incentive Distribution Rights	Total Cash Distribution
Minimum Quarterly Distribution	\$0.4375	\$ 6,584,375	\$ —	\$ 6,584,375
First Target Distribution	above \$0.4375 up to \$0.5031	987,656	—	987,656
Second Target Distribution	above \$0.5031 up to \$0.5469	658,438	116,195	774,632
Third Target Distribution	above \$0.5469 up to \$0.6563	1,646,094	548,698	2,194,792
Thereafter	above \$0.6563	\$ 658,438	\$ 658,438	\$ 1,316,875
		<u>\$ 10,535,000</u>	<u>\$ 1,323,330</u>	<u>\$11,858,330</u>

The following table illustrates the total amount of distributions from operating surplus that would be distributed to the unitholders and the holders of the incentive distribution rights, with respect to the quarter in which the reset occurs. The table reflects that as a result of the reset there would be 16,940,472 common units outstanding, and the distribution to each common unit would be \$0.7000. The number of common units to be issued to the holders of the incentive distribution rights upon the reset is calculated by dividing (1) the amount received by the holders of the incentive distribution rights for the quarters prior to the reset as shown in the table above, or \$1,323,330, by (2) the amount distributed on each common unit for the quarter prior to the reset as shown in the table above, or \$0.7000.

	Quarterly Distributions Per Unit	Cash Distributions			Total
		Common Unitholders	New Common Units	Incentive Distribution Rights	
Minimum Quarterly Distribution	\$0.7000	\$10,535,000	\$1,323,330	—	\$11,858,330
First Target Distribution	above \$0.7000 up to \$0.8050	—	—	—	—
Second Target Distribution	above \$0.8050 up to \$0.8750	—	—	—	—
Third Target Distribution	above \$0.8750 up to \$1.0500	—	—	—	—
Thereafter	above \$1.0500	—	—	—	—
		<u>\$10,535,000</u>	<u>\$1,323,330</u>	<u>—</u>	<u>\$11,858,330</u>

## [Table of Contents](#)

Holders of the incentive distribution rights will be entitled to cause the target distribution levels to be reset on more than one occasion, provided that the right may not be exercised except at a time when the holders have received incentive distributions for the prior four consecutive fiscal quarters based on the highest level of incentive distributions that the holders are entitled to receive under our partnership agreement.

### **Distributions From Capital Surplus**

#### ***How Distributions From Capital Surplus Will Be Made***

Our partnership agreement requires that we make distributions of cash from capital surplus, if any, in the following manner:

- *first*, 100.0% to all common and subordinated unitholders, pro rata until the minimum quarterly distribution is reduced to zero, as described below;
- *second*, 100.0% to the common unitholders, pro rata, until we distribute for each common unit, an amount of cash from capital surplus equal to any unpaid arrearages in payment of the minimum quarterly distribution on the common units; and
- *thereafter*, we will make all distributions of cash from capital surplus as if they were from operating surplus.

#### ***Effect of a Distribution From Capital Surplus***

Our partnership agreement treats a distribution of cash from capital surplus as the repayment of the initial unit price from our initial public offering, which is a return of capital. Each time a distribution of cash from capital surplus is made, the minimum quarterly distribution and the target distribution levels will be reduced in the same proportion as the corresponding reduction in relation to the fair market value of the common units prior to the announcement of the distribution. Because distributions of capital surplus will reduce the minimum quarterly distribution and target distribution levels after any of these distributions are made, it may be easier for our general partner to receive incentive distributions and for the subordinated units to convert into common units. However, any distribution of capital surplus before the minimum quarterly distribution is reduced to zero cannot be applied to the payment of the minimum quarterly distribution or any arrearages.

If we reduce the minimum quarterly distribution and the target distribution levels to zero, all future distributions from operating surplus will be made such that 50.0% is paid to all unitholders, pro rata, and 50.0% is paid to the holders of the incentive distribution rights, pro rata.

### **Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels**

In addition to adjusting the minimum quarterly distribution and target distribution levels to reflect a distribution of capital surplus, if we combine our common units into fewer common units or subdivide our common units into a greater number of common units, our partnership agreement specifies that the following items will be proportionately adjusted:

- the minimum quarterly distribution;
- the target distribution levels;
- the unrecovered initial unit price;
- the per unit amount of any outstanding arrearages in payment of the minimum quarterly distribution on the common units; and
- the number of subordinated units.



## [Table of Contents](#)

For example, if a two-for-one split of the common units should occur, the minimum quarterly distribution, the target distribution levels and the unrecovered initial unit price would each be reduced to 50.0% of its initial level. If we combine our common units into a lesser number of units or subdivide our common units into a greater number of units, we will combine or subdivide our subordinated units using the same ratio applied to the common units. Our partnership agreement provides that we do not make any adjustment by reason of the issuance of additional units for cash or property.

In addition, if as a result of a change in law or interpretation thereof, we or any of our subsidiaries is treated as an association taxable as a corporation or is otherwise subject to additional taxation as an entity for U.S. federal, state, local or non-U.S. income or withholding tax purposes, our general partner may, in its sole discretion, reduce the minimum quarterly distribution and the target distribution levels for each quarter by multiplying each distribution level by a fraction, the numerator of which is cash available for distribution for that quarter (after deducting our general partner's estimate of our additional aggregate liability for the quarter for such income and withholdings taxes payable by reason of such change in law or interpretation) and the denominator of which is the sum of (1) cash available for distribution for that quarter, plus (2) our general partner's estimate of our additional aggregate liability for the quarter for such income and withholding taxes payable by reason of such change in law or interpretation thereof. To the extent that the actual tax liability differs from the estimated tax liability for any quarter, the difference will be accounted for in distributions with respect to subsequent quarters.

### **Distributions of Cash Upon Liquidation**

#### ***General***

If we dissolve in accordance with the partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of our creditors. We will distribute any remaining proceeds to the unitholders and the holders of the incentive distribution rights in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

The allocations of gain and loss upon liquidation are intended, to the extent possible, to entitle the holders of common units to a preference over the holders of subordinated units upon our liquidation, to the extent required to permit common unitholders to receive their unrecovered initial unit price plus the minimum quarterly distribution for the quarter during which liquidation occurs plus any unpaid arrearages in payment of the minimum quarterly distribution on the common units. However, there may not be sufficient gain upon our liquidation to enable the common unitholders to fully recover all of these amounts, even though there may be cash available for distribution to the holders of subordinated units. Any further net gain recognized upon liquidation will be allocated in a manner that takes into account the incentive distribution rights.

#### ***Manner of Adjustments for Gain***

If our liquidation occurs before the end of the subordination period, we will generally allocate any gain to the partners in the following manner:

- *first*, to our general partner to the extent of certain prior losses specially allocated to our general partner;
- *second*, 100.0% to the common unitholders, pro rata, until the capital account for each common unit is equal to the sum of: (1) the unrecovered initial unit price; (2) the amount of the minimum quarterly distribution for the quarter during which our liquidation occurs; and (3) any unpaid arrearages in payment of the minimum quarterly distribution;
- *third*, 100.0% to the subordinated unitholders, pro rata, until the capital account for each subordinated unit is equal to the sum of: (1) the unrecovered initial unit price; and (2) the amount of the minimum quarterly distribution for the quarter during which our liquidation occurs;

## Table of Contents

- *fourth*, 100.0% to all unitholders, pro rata, until we allocate under this paragraph an amount per unit equal to: (1) the sum of the excess of the first target distribution per unit over the minimum quarterly distribution per unit for each quarter of our existence; *less* (2) the cumulative amount per unit of any distributions of cash from operating surplus in excess of the minimum quarterly distribution per unit that we distributed to the unitholders, pro rata, for each quarter of our existence;
- *fifth*, 85.0% to all unitholders, pro rata, and 15.0% to the holders of the incentive distribution rights, until we allocate under this paragraph an amount per unit equal to: (1) the sum of the excess of the second target distribution per unit over the first target distribution per unit for each quarter of our existence; *less* (2) the cumulative amount per unit of any distributions of cash from operating surplus in excess of the first target distribution per unit that we distributed 85.0% to the unitholders, pro rata, and 15.0% to the holders of the incentive distribution rights for each quarter of our existence;
- *sixth*, 75.0% to all unitholders, pro rata, and 25.0% to the holders of the incentive distribution rights, until we allocate under this paragraph an amount per unit equal to: (1) the sum of the excess of the third target distribution per unit over the second target distribution per unit for each quarter of our existence; *less* (2) the cumulative amount per unit of any distributions of cash from operating surplus in excess of the second target distribution per unit that we distributed 75.0% to the unitholders, pro rata, and 25.0% to the holders of the incentive distribution rights for each quarter of our existence; and
- *thereafter*, 50.0% to all unitholders, pro rata, and 50.0% to the holders of the incentive distribution rights.

If the liquidation occurs after the end of the subordination period, the distinction between common units and subordinated units will disappear, so that clause (3) of the second bullet point above and all of the third bullet point above will no longer be applicable.

We may make special allocations of gain among the partners in a manner to create economic uniformity among the common units into which the subordinated units convert and the common units held by public unitholders.

### ***Manner of Adjustments for Losses***

If our liquidation occurs before the end of the subordination period, we will generally allocate any loss to our general partner and the unitholders in the following manner:

- *first*, 100.0% to the subordinated unitholders, pro rata, until the capital account for each subordinated unit has been reduced to zero;
- *second*, 100.0% to the common unitholders, pro rata, until the capital accounts for each common unit has been reduced to zero;
- *third*, 100.0% to all unitholders, pro rata, until the allocation would cause the capital accounts for each unit to have a deficit balance; and
- *thereafter*, 100.0% to our general partner.

If the liquidation occurs after the end of the subordination period, the distinction between common units and subordinated units will disappear, so that all of the first bullet point above will no longer be applicable.

We may make special allocations of loss among the partners in a manner to create economic uniformity among the common units into which the subordinated units convert and the common units held by public unitholders.

***Adjustments to Capital Accounts***

Our partnership agreement requires that we make adjustments to capital accounts upon the issuance of additional units. In this regard, our partnership agreement specifies that we allocate any unrealized and, for U.S. federal income tax purposes, unrecognized gain resulting from the adjustments to the unitholders and the holders of our incentive distribution rights in the same manner as we allocate gain upon liquidation. In the event that we make positive adjustments to the capital accounts upon the issuance of additional units, our partnership agreement requires that we generally allocate any later negative adjustments to the capital accounts resulting from the issuance of additional units or upon our liquidation in a manner which results, to the extent possible, in the partners' capital account balances equaling the amount which they would have been if no earlier positive adjustments to the capital accounts had been made. By contrast to the allocations of gain, and except as provided above, we generally will allocate any unrealized and unrecognized loss resulting from the adjustments to capital accounts upon the issuance of additional units to the unitholders based on their respective percentage ownership of us. In this manner, prior to the end of the subordination period, we generally will allocate any such loss equally with respect to our common and subordinated units. In the event we make negative adjustments to the capital accounts as a result of such loss, future positive adjustments resulting from the issuance of additional units will be allocated in a manner designed to reverse the prior negative adjustments, and special allocations will be made upon liquidation in a manner that results, to the extent possible, in our unitholders' capital account balances equaling the amounts they would have been if no earlier adjustments for loss had been made.

## CONFLICTS OF INTEREST AND FIDUCIARY DUTIES

### Conflicts of Interest

Conflicts of interest exist and may arise in the future as a result of the relationships between our general partner and its affiliates, including the Topper Group and LGC, on the one hand, and our partnership and our unaffiliated limited partners, on the other hand. The directors and officers of our general partner have fiduciary duties to manage our general partner in a manner beneficial to its owners. At the same time, our general partner has a duty to manage our partnership in a manner it believes is in our best interests. Our partnership agreement specifically defines the remedies available to unitholders for actions taken that, without these defined liability standards, might constitute breaches of fiduciary duty under applicable Delaware law. The Delaware Revised Uniform Limited Partnership Act, which we refer to as the Delaware Act, provides that Delaware limited partnerships may, in their partnership agreements, expand, restrict or eliminate the fiduciary duties otherwise owed by the general partner to the limited partners and the partnership.

Whenever a conflict arises between our general partner or its affiliates, on the one hand, and us and our limited partners, on the other hand, the resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by all our limited partners and shall not constitute a breach of our partnership agreement, of any agreement contemplated thereby or of any duty, if the resolution or course of action in respect of such conflict of interest is:

- approved by the conflicts committee of our general partner, although our general partner is not obligated to seek such approval; or
- approved by the holders of a majority of the outstanding common units, excluding any such units owned by our general partner or any of its affiliates.

Our general partner may, but is not required to, seek the approval of such resolutions or courses of action from the conflicts committee of its board of directors or from the holders of a majority of the outstanding common units as described above. If our general partner does not seek approval from the conflicts committee or from holders of common units as described above and the board of directors of our general partner approves the resolution or course of action taken with respect to the conflict of interest, then it will be presumed that, in making its decision, the board of directors of our general partner acted in good faith, and in any proceeding brought by or on behalf of us or any of our unitholders, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. Unless the resolution of a conflict is specifically provided for in our partnership agreement, the board of directors of our general partner or the conflicts committee of the board of directors of our general partner may consider any factors they determine in good faith to consider when resolving a conflict. An independent third party is not required to evaluate the resolution. Under our partnership agreement, a determination, other action or failure to act by our general partner, the board of directors of our general partner or any committee thereof (including the conflicts committee) will be deemed to be “in good faith” unless our general partner, the board of directors of our general partner or any committee thereof (including the conflicts committee) believed such determination, other action or failure to act was adverse to the interests of the partnership. See “Management” for information about the conflicts committee of our general partner’s board of directors.

Conflicts of interest could arise in the situations described below, among others.

***Actions taken by our general partner may affect the amount of cash available to pay distributions to unitholders or accelerate the right to convert subordinated units.***

The amount of cash that is available for distribution to unitholders is affected by decisions of our general partner regarding such matters as:

- amount and timing of asset purchases and sales;
- cash expenditures;

## [Table of Contents](#)

- borrowings;
- entry into and repayment of current and future indebtedness;
- issuance of additional units; and
- the creation, reduction or increase of reserves in any quarter.

In addition, borrowings by us and our affiliates do not constitute a breach of any duty owed by our general partner to our unitholders, including borrowings that have the purpose or effect of:

- enabling our general partner or its affiliates to receive distributions on any subordinated units held by them or the incentive distribution rights; or
- hastening the expiration of the subordination period.

In addition, our general partner may use an amount, initially equal to \$15 million, which would not otherwise constitute operating surplus, in order to permit the payment of distributions on subordinated units and the incentive distribution rights. All of these actions may affect the amount of cash or equity distributed to our unitholders and our general partner and may facilitate the conversion of subordinated units into common units. Please read “How We Make Distributions to Our Partners.”

For example, in the event we have not generated sufficient cash from our operations to pay the minimum quarterly distribution on our common units and our subordinated units, our partnership agreement permits us to borrow funds, which would enable us to make such distribution on all outstanding units. See “How We Make Distributions to Our Partners—Operating Surplus and Capital Surplus—Operating Surplus.”

***The directors and officers of our general partner have a fiduciary duty to make decisions in the best interests of its owners, including the Topper Group and LGC, which may be contrary to our interests.***

Because certain officers and certain directors of our general partner are also directors and/or officers of affiliates of our general partner, including LGC and certain entities within the Topper Group, they have fiduciary duties to LGC and the Topper Group that may cause them to pursue business strategies that disproportionately benefit LGC or the Topper Group or which otherwise are not in our best interests.

***Our general partner is allowed to take into account the interests of parties other than us, such as the Topper Group and LGC, in exercising certain rights under our partnership agreement.***

Our partnership agreement contains provisions that permissibly reduce the standards to which our general partner would otherwise be held by state fiduciary duty law. For example, our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any limited partner. Examples include the exercise of its call right, its voting rights with respect to any units it owns, its registration rights and its determination whether or not to consent to any merger or consolidation.

***Our partnership agreement limits the liability of, and replaces the duties owed by, our general partner and also restricts the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty.***

In addition to the provisions described above, our partnership agreement contains provisions that restrict the remedies available to our unitholders for actions that might otherwise constitute breaches of fiduciary duty. For example, our partnership agreement provides that:

- our general partner shall not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as it acted in good faith, meaning it believed that the decision was not adverse to the interests of our partnership;

## Table of Contents

- our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or those other persons acted in bad faith or, in the case of a criminal matter, acted with knowledge that its conduct was unlawful; and
- in resolving conflicts of interest, it will be presumed that in making its decision the general partner, the board of directors of the general partner or any committee thereof (including the conflicts committee) acted in good faith, and in any proceeding brought by or on behalf of any limited partner or us, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

By purchasing a common unit, a common unitholder will agree to become bound by the provisions in our partnership agreement, including the provisions discussed above. See “—Fiduciary Duties.”

### ***Common unitholders have no right to enforce obligations of our general partner and its affiliates under agreements with us.***

Any agreements between us, on the one hand, and our general partner and its affiliates, on the other, will not grant to the unitholders, separate and apart from us, the right to enforce the obligations of our general partner and its affiliates in our favor.

### ***Contracts between us, on the one hand, and our general partner and its affiliates, on the other, are not and will not be the result of arm’s-length negotiations.***

Neither our partnership agreement nor any of the other agreements, contracts and arrangements between us and our general partner and its affiliates are or will be the result of arm’s-length negotiations. Our general partner will determine, in good faith, the terms of any of such future transactions.

### ***Except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval.***

Under our partnership agreement, our general partner has full power and authority to do all things, other than those items that require unitholder approval, necessary or appropriate to conduct our business including, but not limited to, the following actions:

- expending, lending, or borrowing money, assuming, guaranteeing, or otherwise contracting for, indebtedness and other liabilities, issuing evidences of indebtedness, including indebtedness that is convertible into our securities, and incurring any other obligations;
- preparing and transmitting tax, regulatory and other filings, periodic or other reports to governmental or other agencies having jurisdiction over our business or assets;
- acquiring, disposing, mortgaging, pledging, encumbering, hypothecating, or exchanging our assets or merging or otherwise combining us with or into another person;
- negotiating, executing and performing contracts, conveyance or other instruments;
- distributing cash;
- selecting or dismissing employees and agents, outside attorneys, accountants, consultants and contractors and determining their compensation and other terms of employment or hiring;
- maintaining insurance for our benefit;
- forming, acquiring an interest in, and contributing property and loaning money to, any further limited partnerships, joint ventures, corporations, limited liability companies or other relationships;

## [Table of Contents](#)

- controlling all matters affecting our rights and obligations, including bringing and defending actions at law or in equity or otherwise litigating, arbitrating or mediating, and incurring legal expense and settling claims and litigation;
- indemnifying any person against liabilities and contingencies to the extent permitted by law;
- entering into listing agreements with any national securities exchange and the delisting of some or all of our securities from, or requesting that trading be suspended on any such exchange;
- purchasing, selling or otherwise acquiring or disposing of our partnership interests, or issuing additional options, rights, warrants, appreciation rights, phantom or tracking interests relating to our partnership interests; and
- entering into agreements with any of its affiliates to render services to us or to itself in the discharge of its duties as our general partner.

See “The Partnership Agreement” for information regarding the voting rights of unitholders.

### ***Common units are subject to our general partner’s call right.***

If at any time our general partner and its affiliates own more than 80% of the common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at the market price calculated in accordance with the terms of our partnership agreement. As a result, you may be required to sell your common units at an undesirable time or price and may not receive any return on your investment. You may also incur a tax liability upon a sale of your units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the call right. There is no restriction in our partnership agreement that prevents our general partner from issuing additional common units and exercising its call right. Our general partner may use its own discretion, free of fiduciary duty restrictions, in determining whether to exercise this right. As a result, a common unitholder may have his common units purchased from him at an undesirable time or price. See “The Partnership Agreement—Call Right.”

### ***We may choose not to retain separate counsel for ourselves or for the holders of common units.***

The attorneys, independent accountants and others who perform services for us have been retained by our general partner. Attorneys, independent accountants and others who perform services for us are selected by our general partner and may perform services for our general partner and its affiliates. We may retain separate counsel for ourselves or the conflicts committee in the event of a conflict of interest between our general partner and its affiliates, on the one hand, and us or the holders of common units, on the other, depending on the nature of the conflict. We do not intend to do so in most cases.

### ***Our general partner’s affiliates may compete with us, and neither our general partner nor its affiliates have any obligation to present business opportunities to us.***

Our partnership agreement provides that our general partner is restricted from engaging in any business other than those incidental to its ownership of interests in us. However, except as provided in the omnibus agreement, affiliates of our general partner are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us. The Topper Group, LGC or their respective affiliates, may acquire, construct or dispose of assets in the future without any obligation to offer us the opportunity to acquire those assets. In addition, under our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, will not apply to our general partner and its affiliates. As a result, neither our general partner nor any of its affiliates have any obligation to present business opportunities to us.

## [Table of Contents](#)

*The holder or holders of our incentive distribution rights may elect to cause us to issue common units to it in connection with a resetting of incentive distribution levels without the approval of our unitholders. This election may result in lower distributions to our common unitholders in certain situations.*

The holder or holders of a majority of our incentive distribution rights have the right, at any time when there are no subordinated units outstanding and they have received incentive distributions at the highest level to which they are entitled (50.0%) for each of the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on our cash distribution levels at the time of the exercise of the reset election. Following a reset election, a baseline distribution amount will be calculated equal to an amount equal to the prior cash distribution per common unit for the fiscal quarter immediately preceding the reset election (such amount is referred to as the “reset minimum quarterly distribution”), and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution.

We anticipate that the reset right would be exercised in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per unit without such conversion. It is possible that holders of the incentive distribution rights could exercise this reset election at a time when we are experiencing declines in our aggregate cash distributions or at a time when the holders of the incentive distribution rights expect that we will experience declines in our aggregate cash distributions in the foreseeable future. In such situations, the holders of the incentive distribution rights may be experiencing, or may expect to experience, declines in the cash distributions it receives related to the incentive distribution rights and may therefore desire to be issued our common units, which are entitled to specified priorities with respect to our distributions and which therefore may be more advantageous for them to own in lieu of the right to receive incentive distribution payments based on target distribution levels that are less certain to be achieved. As a result, a reset election may cause our common unitholders to experience dilution in the amount of cash distributions that they would have otherwise received had we not issued new common units to the holders of the incentive distribution rights in connection with resetting the target distribution levels. Please read “How We Make Distributions to Our Partners—Incentive Distribution Rights.”

## **Fiduciary Duties**

Duties owed to unitholders by our general partner are prescribed by law and in our partnership agreement. The Delaware Act provides that Delaware limited partnerships may, in their partnership agreements, expand, restrict or eliminate the fiduciary duties otherwise owed by the general partner to limited partners and the partnership.

Our partnership agreement contains various provisions modifying and restricting the fiduciary duties that might otherwise be owed by our general partner. We have adopted these provisions to allow our general partner or its affiliates to engage in transactions with us that otherwise might be prohibited by state law fiduciary standards and to take into account the interests of other parties in addition to our interests when resolving conflicts of interest. We believe this is appropriate and necessary because the board of directors of our general partner has a duty to manage our partnership in good faith and a duty to manage our general partner in a manner beneficial to its owner. Without these modifications, our general partner’s ability to make decisions involving conflicts of interest would be restricted. The modifications to the fiduciary standards benefit our general partner by enabling it to take into consideration all parties involved in the proposed action. These modifications also strengthen the ability of our general partner to attract and retain experienced and capable directors. These modifications represent a detriment to our public unitholders because they restrict the remedies available to our public unitholders for actions that, without those limitations, might constitute breaches of fiduciary duty, as described below, and permit our general partner to take into account the interests of third parties in addition to our interests when resolving conflicts of interests. The following is a summary of the material restrictions of the fiduciary duties owed by our general partner to the limited partners:

State law fiduciary duty standards

Fiduciary duties are generally considered to include an obligation to act in good faith and with due care and loyalty. The duty of care, in the absence of a provision in a partnership agreement providing



otherwise, would generally require a general partner to act for the partnership in the same manner as a prudent person would act on his own behalf. The duty of loyalty, in the absence of a provision in a partnership agreement providing otherwise, would generally require that any action taken or transaction engaged in be entirely fair to the partnership.

Partnership agreement modified standards

Our partnership agreement contains provisions that waive or consent to conduct by our general partner and its affiliates that might otherwise raise issues as to compliance with fiduciary duties or applicable law. For example, our partnership agreement provides that when our general partner is acting in its capacity as our general partner, as opposed to in its individual capacity, it must act in “good faith” and will not be subject to any other standard under applicable law. In addition, when our general partner is acting in its individual capacity, as opposed to in its capacity as our general partner, it may act without any fiduciary obligation to us or the unitholders whatsoever. These standards replace the obligations to which our general partner would otherwise be held.

If our general partner does not obtain approval from the conflicts committee of the board of directors of our general partner or our common unitholders, excluding any such units owned by our general partner or its affiliates, and the board of directors of our general partner approves the resolution or course of action taken with respect to the conflict of interest, then it will be presumed that, in making its decision, its board, which may include board members affected by the conflict of interest, acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. These standards replace the obligations to which our general partner would otherwise be held.

Rights and remedies of unitholders

The Delaware Act generally provides that a limited partner may institute legal action on behalf of the partnership to recover damages from a third party where a general partner has refused to institute the action or where an effort to cause a general partner to do so is not likely to succeed. These actions include actions against a general partner for breach of its duties or of our partnership agreement. In addition, the statutory or case law of some jurisdictions may permit a limited partner to institute legal action on behalf of himself and all other similarly situated limited partners to recover damages from a general partner for violations of its fiduciary duties to the limited partners.

Partnership agreement modified standards

The Delaware Act provides that, unless otherwise provided in a partnership agreement, a partner or other person shall not be liable to a limited partnership or to another partner or to another person that is a party to or is otherwise bound by a partnership agreement for breach of fiduciary duty for the partner’s or other person’s good faith

reliance on the provisions of the partnership agreement. Under our partnership agreement, to the extent that, at law or in equity an indemnitee has duties (including fiduciary duties) and liabilities relating thereto to us or to our partners, our general partner and any other indemnitee acting in connection with our business or affairs shall not be liable to us or to any partner for its good faith reliance on the provisions of our partnership agreement.

By purchasing our common units, each common unitholder automatically agrees to be bound by the provisions in our partnership agreement, including the provisions discussed above. This is in accordance with the policy of the Delaware Act favoring the principle of freedom of contract and the enforceability of partnership agreements. The failure of a limited partner to sign a partnership agreement does not render the partnership agreement unenforceable against that person.

Under our partnership agreement, we must indemnify our general partner and its officers, directors, managers and certain other specified persons, to the fullest extent permitted by law, against liabilities, costs and expenses incurred by our general partner or these other persons. We must provide this indemnification unless there has been a final and non-appealable judgment by a court of competent jurisdiction determining that these persons acted in bad faith. We must also provide this indemnification for criminal proceedings unless our general partner or these other persons acted with knowledge that their conduct was unlawful. Thus, our general partner could be indemnified for its negligent acts if it meets the requirements set forth above. To the extent these provisions purport to include indemnification for liabilities arising under the Securities Act in the opinion of the SEC, such indemnification is contrary to public policy and, therefore, unenforceable. Please read “The Partnership Agreement—Indemnification.”

## THE PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of our partnership agreement. Our partnership agreement is incorporated by reference as an exhibit to the registration statement of which this prospectus constitutes a part. We will provide prospective investors with a copy of our partnership agreement upon request at no charge.

### Organization and Duration

Our partnership was organized on December 2, 2011, and will have a perpetual existence unless terminated pursuant to the terms of our partnership agreement.

### Purpose

Our purpose, as set forth in our partnership agreement, is limited to any business activity that is approved by our general partner and that lawfully may be conducted by a limited partnership organized under Delaware law; provided that our general partner shall not cause us to take any action that the general partner determines would be reasonably likely to cause us to be treated as an association taxable as a corporation for U.S. federal income tax purposes.

Although our general partner has the ability to cause us and our subsidiaries to engage in activities other than the business of wholesale distribution of motor fuels and the ownership of sites, our general partner may decline to do so free of any fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in the best interests of us or the limited partners. Our general partner is generally authorized to perform all acts it determines to be necessary or appropriate to carry out our purposes and to conduct our business.

### Distributions

Our partnership agreement specifies the manner in which we will make distributions, if any, to holders of our common units and subordinated units, as well as to holders of the incentive distribution rights.

### Capital Contributions

Unitholders are not obligated to make additional capital contributions, except as described below under “—Limited Liability.”

### Voting Rights

The following is a summary of the unitholder vote required for approval of the matters specified below. Matters that require the approval of a “unit majority” require:

- during the subordination period, the approval of a majority of the outstanding common units, excluding those common units held by our general partner and its affiliates and a majority of the outstanding subordinated units, voting as separate classes; and
- when the subordination period expires, the approval of a majority of the outstanding common units, voting as a single class.

In voting their common and subordinated units, our general partner and its affiliates will have no fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interests of us or the limited partners.

## [Table of Contents](#)

The incentive distribution rights may be entitled to vote in certain circumstances.

Issuance of additional units	No approval right.
Amendment of our partnership agreement	Certain amendments may be made by our general partner without the approval of the unitholders. Other amendments generally require the approval of a unit majority. Please read “—Amendment of the Partnership Agreement.”
Merger of our partnership or the sale of all or substantially all of our assets	Unit majority in certain circumstances. Please read “—Merger, Consolidation, Conversion, Sale or Other Disposition of Assets.”
Dissolution of our partnership	Unit majority. Please read “—Dissolution.”
Continuation of our business upon dissolution	Unit majority. Please read “—Dissolution.”
Withdrawal of our general partner	Under most circumstances, the approval of a majority of the common units, excluding common units held by our general partner and its affiliates, is required for the withdrawal of our general partner prior to December 31, 2022 in a manner that would cause a dissolution of our partnership. Please read “—Withdrawal or Removal of Our General Partner.”
Removal of our general partner	Not less than 66 2/3% of the outstanding units, voting as a single class, including units held by our general partner and its affiliates. Please read “—Withdrawal or Removal of Our General Partner.”
Transfer of the general partner interest	No approval right. Please read “—Transfer of General Partner Interest.”
Transfer of incentive distribution rights	No approval right. Please read “—Transfer of Subordinated Units and Incentive Distribution Rights.”
Transfer of ownership interests in the general partner	No approval right. Please read “—Transfer of Ownership Interests in Our General Partner.”

If any person or group other than our general partner and its affiliates acquires beneficial ownership of 20% or more of any class of units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply to any person or group that acquires the units from our general partner or its affiliates and any transferees of that person or group approved by our general partner or to any person or group who acquires the units with the specific prior approval of our unitholders.

### **Applicable Law; Forum, Venue and Jurisdiction**

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

- arising out of or relating in any way to the partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of the partnership agreement or the duties, obligations or liabilities among limited partners or of limited partners to us, or the rights or powers of, or restrictions on, the limited partners or us);

## [Table of Contents](#)

- brought in a derivative manner on our behalf;
- asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of us or our general partner, or owed by our general partner, to us or the limited partners;
- asserting a claim arising pursuant to any provision of the Delaware Act; or
- asserting a claim relating to the “internal affairs” of the partnership,

shall be exclusively brought in the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction), regardless of whether such claims, suits, actions or proceedings sound in contract, tort, fraud or otherwise, are based on common law, statutory, equitable, legal or other grounds, or are derivative or direct claims. By purchasing a common unit, a limited partner is irrevocably consenting to these limitations and provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have subject matter jurisdiction thereof, then such other court located in the State of Delaware with subject matter jurisdiction) in connection with any such claims, suits, actions or proceedings. Although our partnership agreement includes this choice of forum provision, it is possible that a court could rule that this provision is inapplicable or unenforceable.

### **Limited Liability**

Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Act and that he otherwise acts in conformity with the provisions of the partnership agreement, his liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital he is obligated to contribute to us for his common units plus his share of any undistributed profits and assets. However, if it were determined that the right, or exercise of the right, by a limited partner is an act constituting “participation in the control” of our business for the purposes of the Delaware Act, then the limited partners could be held personally liable for our obligations under the laws of Delaware, to the same extent as our general partner. This liability may be asserted by persons who transact business with us under the reasonable belief that the limited partner is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our general partner if a limited partner were to lose limited liability through any fault of our general partner solely by reason of being or so acting as the general partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of a claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years.

Our subsidiaries conduct business in eight states and we may have subsidiaries that conduct business in other states or countries in the future. Maintenance of our limited liability as owner of our operating subsidiaries may require compliance with legal requirements in the jurisdictions in which the operating subsidiaries conduct business, including qualifying our subsidiaries to do business there.

Limitations on the liability of members or limited partners for the obligations of a limited liability company or limited partnership have not been clearly established in many jurisdictions. If, by virtue of our ownership

## [Table of Contents](#)

interest in our subsidiaries or otherwise, it were determined that we were conducting business in any jurisdiction without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace our general partner, to approve some amendments to our partnership agreement, or to take other action under our partnership agreement constituted “participation in the control” of our business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for our obligations under the law of that jurisdiction to the same extent as our general partner under the circumstances. We will operate in a manner that our general partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

### **Issuance of Additional Interests**

Our partnership agreement authorizes us to issue an unlimited number of additional partnership interests for the consideration and on the terms and conditions determined by our general partner without the approval of our unitholders.

It is possible that we will fund acquisitions through the issuance of additional common units, subordinated units or other partnership interests. Holders of any additional common units we issue will be entitled to share equally with the then-existing common unitholders in our distributions. In addition, the issuance of additional common units or other partnership interests may dilute the value of the interests of the then-existing common unitholders in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership interests that, as determined by our general partner, may have rights to distributions or special voting rights to which the common unitholders are not entitled. In addition, our partnership agreement does not prohibit our subsidiaries from issuing equity interests, which may effectively rank senior to the common units.

Our general partner will have the right, which it may from time to time assign, in whole or in part, to any of its affiliates, to purchase common units, subordinated units or other partnership interests whenever, and on the same terms that, we issue partnership interests to persons other than our general partner and its affiliates (other than the issuance of common units upon exercise by the underwriters of their option to purchase additional common units), to the extent necessary to maintain the percentage interest of the general partner and its affiliates, including such interest represented by common and subordinated units, that existed immediately prior to each issuance. Our unitholders will not have preemptive rights under our partnership agreement to acquire additional common units or other partnership interests.

### **Amendment of the Partnership Agreement**

#### ***General***

Amendments to our partnership agreement may be proposed only by our general partner. However, our general partner will have no duty or obligation to propose any amendment and may decline to do so free of any fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interests of us or the limited partners. In order to adopt a proposed amendment, other than the amendments discussed below, our general partner is required to seek written approval of the holders of the number of units required to approve the amendment or to call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a unit majority.

#### ***Prohibited Amendments***

No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, unless approved by at least a majority of the type or class of limited partner interests so affected; or

## Table of Contents

- enlarge the obligations of, restrict, change or modify in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our general partner or any of its affiliates without the consent of our general partner, which consent may be given or withheld in its sole discretion.

The provision of our partnership agreement preventing the amendments having the effects described in the clauses above can be amended upon the approval of the holders of at least 90.0% of the outstanding units, voting as a single class (including units owned by our general partner and its affiliates). For additional information about the limited call right, please read “—Call Right.”

### ***No Unitholder Approval***

Our general partner may generally make amendments to our partnership agreement without the approval of any limited partner to reflect:

- a change in our name, the location of our principal place of business, our registered agent or our registered office;
- the admission, substitution, withdrawal, or removal of partners in accordance with our partnership agreement;
- a change that our general partner determines to be necessary or appropriate to qualify or continue our qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that neither we nor any of our subsidiaries will be treated as a corporation for U.S. federal income tax purposes (to the extent not already so treated or taxed);
- an amendment that is necessary, in the opinion of our counsel, to prevent us or our general partner or its directors, officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisers Act of 1940 or “plan asset” regulations adopted under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), whether or not substantially similar to plan asset regulations currently applied or proposed;
- an amendment that our general partner determines to be necessary or appropriate in connection with the creation, authorization or issuance of additional partnership interests or the right to acquire partnership interests;
- any amendment expressly permitted in our partnership agreement to be made by our general partner acting alone;
- an amendment effected, necessitated, or contemplated by a merger agreement that has been approved under the terms of our partnership agreement;
- any amendment that our general partner determines to be necessary or appropriate to reflect and account for the formation by us of, or our investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by our partnership agreement;
- a change in our fiscal year or taxable year and related changes;
- conversions into, mergers with or conveyances to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the conversion, merger or conveyance other than those it receives by way of the merger or conveyance; or
- any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our general partner may make amendments to our partnership agreement, without the approval of any limited partner, if our general partner determines that those amendments:

- do not adversely affect, in any material respect the limited partners, considered as a whole, or any particular class of limited partners;

## Table of Contents

- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;
- are necessary or appropriate to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading;
- are necessary or appropriate for any action taken by our general partner relating to splits or combinations of units under the provisions of our partnership agreement; or
- are required to effect the intent expressed in this prospectus or the intent of the provisions of our partnership agreement or are otherwise contemplated by our partnership agreement.

### ***Opinion of Counsel and Unitholder Approval***

Any amendment that our general partner determines adversely affects in any material respect one or more particular classes of limited partners will require the approval of at least a majority of the class or classes so affected, but no vote will be required by any class or classes of limited partners that our general partner determines are not adversely affected in any material respect. Any amendment that would have a material adverse effect on the rights or preferences of any type or class of outstanding units in relation to other classes of units will require the approval of at least a majority of the type or class of units so affected. Any amendment that would reduce the voting percentage required to take any action other than to remove the general partner or call a meeting of unitholders is required to be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced. Any amendment that would increase the percentage of units required to remove the general partner or call a meeting of unitholders must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the percentage sought to be increased. For amendments of the type not requiring unitholder approval, our general partner will not be required to obtain an opinion of counsel that an amendment will neither result in a loss of limited liability to the limited partners nor result in our being treated as a taxable entity for federal income tax purposes in connection with any of the amendments. No other amendments to our partnership agreement will become effective without the approval of holders of at least 90% of the outstanding units, voting as a single class, unless we first obtain an opinion of counsel to the effect that the amendment will not affect the limited liability under applicable law of any of our limited partners.

### **Merger, Consolidation, Sale or Other Disposition of Assets**

A merger or consolidation of us requires the prior consent of our general partner. However, our general partner will have no duty or obligation to consent to any merger or consolidation and may decline to do so free of any fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interest of us or the limited partners.

In addition, our partnership agreement generally prohibits our general partner, without the prior approval of the holders of a unit majority, from causing us to sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination. Our general partner may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without such approval. Our general partner may also sell all or substantially all of our assets under a foreclosure or other realization upon those encumbrances without such approval. Finally, our general partner may consummate any merger without the prior approval of our unitholders if we are the surviving entity in the transaction, our general partner has received an opinion of counsel regarding limited liability and tax matters, the transaction would not result in a material amendment to the partnership agreement (other than an amendment that the general partner could adopt without the consent of other partners), each of our units will be an identical unit of our partnership following the transaction and the partnership securities to be issued do not exceed 20% of our outstanding partnership interests (other than incentive distribution rights) immediately prior to the transaction.



## [Table of Contents](#)

If the conditions specified in our partnership agreement are satisfied, our general partner may convert us or any of our subsidiaries into a new limited liability entity or merge us or any of our subsidiaries into, or convey all of our assets to, a newly formed entity, if the sole purpose of that conversion, merger or conveyance is to effect a mere change in our legal form into another limited liability entity, we have received an opinion of counsel regarding limited liability and tax matters and the governing instruments of the new entity provide the limited partners and our general partner with the same rights and obligations as contained in our partnership agreement. Our unitholders are not entitled to dissenters' rights of appraisal under our partnership agreement or applicable Delaware law in the event of a conversion, merger or consolidation, a sale of substantially all of our assets or any other similar transaction or event.

### **Dissolution**

We will continue as a limited partnership until dissolved under our partnership agreement. We will dissolve upon:

- the election of our general partner to dissolve us, if approved by the holders of units representing a unit majority;
- there being no limited partners, unless we are continued without dissolution in accordance with applicable Delaware law;
- the entry of a decree of judicial dissolution of our partnership pursuant to the provisions of the Delaware Act; or
- the withdrawal or removal of our general partner or any other event that results in its ceasing to be our general partner other than by reason of a transfer of its general partner interest in accordance with our partnership agreement or its withdrawal or removal following the approval and admission of a successor.

Upon a dissolution under the last clause above, the holders of a unit majority may also elect, within specific time limitations, to continue our business on the same terms and conditions described in our partnership agreement by appointing as a successor general partner an entity approved by the holders of units representing a unit majority, subject to our receipt of an opinion of counsel to the effect that:

- the action would not result in the loss of limited liability under Delaware law of any limited partner; and
- neither our partnership nor any of our subsidiaries would be treated as an association taxable as a corporation or otherwise be taxable as an entity for U.S. federal income tax purposes upon the exercise of that right to continue (to the extent not already so treated or taxed).

### **Liquidation and Distribution of Proceeds**

Upon our dissolution, unless our business is continued, the liquidator authorized to wind up our affairs will, acting with all of the powers of our general partner that are necessary or appropriate, liquidate our assets and apply the proceeds of the liquidation. The liquidator may defer liquidation or distribution of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to our partners.

### **Withdrawal or Removal of Our General Partner**

Except as described below, our general partner has agreed not to withdraw voluntarily as our general partner prior to December 31, 2022, without obtaining the approval of the holders of at least a majority of the outstanding common units, excluding common units held by our general partner and its affiliates, and furnishing an opinion of counsel regarding limited liability and tax matters. On or after December 31, 2022, our general

## [Table of Contents](#)

partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days' written notice, and that withdrawal will not constitute a violation of our partnership agreement. Notwithstanding the information above, our general partner may withdraw without unitholder approval upon 90 days' notice to the limited partners if at least 50% of the outstanding common units are held or controlled by one person and its affiliates, other than our general partner and its affiliates. In addition, our partnership agreement permits our general partner to sell or otherwise transfer all of its general partner interest in us without the approval of the unitholders. Please read "—Transfer of General Partner Interest."

Upon withdrawal of our general partner under any circumstances, other than as a result of a transfer by our general partner of all or a part of its general partner interest in us, the holders of a unit majority may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, we will be dissolved, wound up and liquidated, unless within a specified period after that withdrawal, the holders of a unit majority agree in writing to continue our business and to appoint a successor general partner. Please read "—Dissolution."

Our general partner may not be removed unless that removal is approved by the vote of the holders of not less than 66 2/3% of the outstanding units, voting together as a single class, including units held by our general partner and its affiliates, and we receive an opinion of counsel regarding limited liability and tax matters. Any removal of our general partner is also subject to the approval of a successor general partner by the vote of the holders of a majority of the outstanding common units, voting as a class, and the outstanding subordinated units, voting as a class. The ownership of more than 33 1/3% of the outstanding units by our general partner and its affiliates gives them the ability to prevent our general partner's removal.

Our partnership agreement also provides that if our general partner is removed as our general partner under circumstances where cause does not exist:

- all subordinated units held by any person who did not, and whose affiliates did not, vote any units in favor of the removal of the general partner, will immediately and automatically convert into common units on a one-for-one basis, provided such person is not an affiliate of the successor general partner; and
- if all subordinated units convert pursuant to the foregoing, all cumulative common unit arrearages on the common units will be extinguished and the subordination period will end.

In the event of the removal of our general partner under circumstances where cause exists or withdrawal of our general partner where that withdrawal violates our partnership agreement, a successor general partner will have the option to purchase the general partner interest and incentive distribution rights of the departing general partner and its affiliates for a cash payment equal to the fair market value of those interests. Under all other circumstances where our general partner withdraws or is removed by the limited partners, the departing general partner will have the option to require the successor general partner to purchase the general partner interest and the incentive distribution rights of the departing general partner and its affiliates for fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. Or, if the departing general partner and the successor general partner cannot agree upon an expert, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner's general partner interest and all its and its affiliates' incentive distribution rights will automatically convert into common units equal to the fair market value of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

## [Table of Contents](#)

In addition, we will be required to reimburse the departing general partner for all amounts due the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred as a result of the termination of any employees employed for our benefit by the departing general partner or its affiliates.

### **Transfer of General Partner Interest**

At any time, our general partner may transfer all or any of its general partner interest to another person without the approval of our common unitholders. As a condition of this transfer, the transferee must, among other things, assume the rights and duties of our general partner, agree to be bound by the provisions of our partnership agreement and furnish an opinion of counsel regarding limited liability and tax matters.

### **Transfer of Ownership Interests in Our General Partner**

At any time, the Topper Group and LGC and any successive owners of our general partner may sell or transfer all or part of its ownership interests in our general partner to an affiliate or third party without the approval of our unitholders.

### **Transfer of Subordinated Units and Incentive Distribution Rights**

By transfer of subordinated units or incentive distribution rights in accordance with our partnership agreement, each transferee of subordinated units or incentive distribution rights will be admitted as a limited partner with respect to such interest transferred when such transfer and admission is reflected in our books and records. Each transferee:

- represents that the transferee has the capacity, power and authority to become bound by our partnership agreement;
- automatically becomes bound by the terms and conditions of our partnership agreement; and
- gives the consents, waivers and approvals contained in our partnership agreement.

Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly.

We may, at our discretion, treat the nominee holder of subordinated units or incentive distribution rights as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Subordinated units and incentive distribution rights are securities and any transfers are subject to the laws governing transfer of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a limited partner for the transferred subordinated units or incentive distribution rights.

Until a subordinated unit or incentive distribution right has been transferred on our books, we and the transfer agent may treat the record holder of the unit or right as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

### **Change of Management Provisions**

Our partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove Lehigh Gas GP as our general partner or from otherwise changing our management. Please read “—Withdrawal or Removal of Our General Partner” for a discussion of certain consequences of the removal of our general partner. If any person or group, other than our general partner and its affiliates, acquires beneficial ownership of 20% or more of any class of units, that person or group loses voting rights on all of its units.

## [Table of Contents](#)

This loss of voting rights does not apply in certain circumstances. Please read “—Meetings; Voting.”

### **Call Right**

If at any time our general partner and its affiliates own more than 80% of the then-issued and outstanding limited partner interests of any class, our general partner will have the right, which it may assign in whole or in part to any of its affiliates or beneficial owners or to us, to acquire all, but not less than all, of the limited partner interests of the class held by unaffiliated persons, as of a record date to be selected by our general partner, on at least 10, but not more than 60, days' notice. The purchase price in the event of this purchase is the greater of:

- the highest price paid by our general partner or any of its affiliates for any limited partner interests of the class purchased within the 90 days preceding the date on which our general partner first mails notice of its election to purchase those limited partner interests; and
- the average of the daily closing prices of the partnership securities of such class over the 20 consecutive trading days immediately preceding the date three days before the date the notice is first mailed.

As a result of our general partner's right to purchase outstanding limited partner interests, a holder of limited partner interests may have his limited partner interests purchased at an undesirable time or at a price that may be lower than market prices at various times prior to such purchase or lower than a unitholder may anticipate the market price to be in the future. The tax consequences to a unitholder of the exercise of this call right are the same as a sale by that unitholder of his common units in the market. Please read “Material U.S. Federal Income Tax Consequences—Disposition of Units.”

### **Ineligible Holders; Redemption**

If our general partner, with the advice of counsel, determines we are subject to U.S. federal, state or local laws or regulations that, in the reasonable determination of our general partner, create a substantial risk of cancellation or forfeiture of any property that we have an interest in because of the nationality, citizenship or other related status of any limited partner, then our general partner may adopt such amendments to our partnership agreement as it determines necessary or advisable to:

- obtain proof of the nationality, citizenship or other related status of our limited partners (and their owners, to the extent relevant); and
- permit us to redeem the units held by any person whose nationality, citizenship or other related status creates substantial risk of cancellation or forfeiture of any property or who fails to comply with the procedures instituted by our general partner to obtain proof of the nationality, citizenship or other related status. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption.

In addition, any transfer of (and certain non-transfer events with respect to) our securities that would result in a violation of the LGO Ownership Limitation or the Non-LGO Tenant Ownership Limitation will be a Prohibited Event and the holder of such securities will be a Prohibited Owner. Such a Prohibited Event will be void ab initio, and the Prohibited Owner's securities will be transferred to a third-party beneficiary in order to prevent a violation of the LGO Ownership Limitation or the Non-LGO Tenant Ownership Limitation. Please read “Material U.S. Federal Income Tax Consequences—Taxation of the Partnership—Partnership Status.”

### **Meetings; Voting**

Except as described below regarding a person or group owning 20% or more of any class of units then outstanding, record holders of units on the record date will be entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters for which approvals may be solicited.

## [Table of Contents](#)

Our general partner does not anticipate that any meeting of our unitholders will be called in the foreseeable future. Any action that is required or permitted to be taken by the unitholders may be taken either at a meeting of the unitholders or without a meeting if consents in writing describing the action so taken are signed by holders of the number of units necessary to authorize or take that action at a meeting. Meetings of the unitholders may be called by our general partner or by unitholders owning at least 20% of the outstanding units of the class for which a meeting is proposed. Unitholders may vote either in person or by proxy at meetings. The holders of a majority of the outstanding units of the class or classes for which a meeting has been called, represented in person or by proxy, will constitute a quorum, unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum will be the greater percentage.

Each record holder of a unit has a vote according to his percentage interest in us, although additional limited partner interests having special voting rights could be issued. Please read “—Issuance of Additional Interests.” However, if at any time any person or group, other than our general partner and its affiliates, or a direct or subsequently approved transferee of our general partner or its affiliates and purchasers specifically approved by our general partner, acquires, in the aggregate, beneficial ownership of 20% or more of any class of units then outstanding, that person or group will lose voting rights on all of its units and the units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes. Common units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise. Except as our partnership agreement otherwise provides, subordinated units will vote together with common units, as a single class.

Any notice, demand, request, report or proxy material required or permitted to be given or made to record common unitholders under our partnership agreement will be delivered to the record holder by us or by the transfer agent.

### **Voting Rights of Incentive Distribution Rights**

If a majority of the incentive distribution rights are held by our general partner and its affiliates, the holders of the incentive distribution rights will have no right to vote in respect of such rights on any matter, unless otherwise required by law, and the holders of the incentive distribution rights, in their capacity as such, shall be deemed to have approved any matter approved by our general partner.

If less than a majority of the incentive distribution rights are held by our general partner and its affiliates, the incentive distribution rights will be entitled to vote on all matters submitted to a vote of unitholders, other than amendments and other matters that our general partner determines do not adversely affect the holders of the incentive distribution rights in any material respect. On any matter in which the holders of incentive distribution rights are entitled to vote, such holders will vote together with the subordinated units, prior to the end of the subordination period, or together with the common units, thereafter, in either case as a single class, and such incentive distribution rights shall be treated in all respects as subordinated units or common units, as applicable, when sending notices of a meeting of our limited partners to vote on any matter (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under our partnership agreement. The relative voting power of the holders of the incentive distribution rights and the subordinated units or common units, depending on which class the holders of incentive distribution rights are voting with, will be set in the same proportion as cumulative cash distributions, if any, in respect of the incentive distribution rights for the four consecutive quarters prior to the record date for the vote bears to the cumulative cash distributions in respect of such class of units for such four quarters.

### **Status as Limited Partner**

By transfer of common units in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and

## [Table of Contents](#)

admission are reflected in our books and records. Except as described under “—Limited Liability,” the common units will be fully paid, and unitholders will not be required to make additional contributions.

### **Indemnification**

Under our partnership agreement, in most circumstances, we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar events:

- our general partner;
- any departing general partner;
- any person who is or was an affiliate of our general partner or any departing general partner;
- any person who is or was a manager, managing member, general partner, director, officer, fiduciary or trustee of our partnership, our subsidiaries, our general partner, any departing general partner or any of their affiliates;
- any person who is or was serving as a director, officer manager, managing member, general partner, employee, agent, fiduciary or trustee of another person owing a fiduciary duty to us or our subsidiaries;
- any person who controls our general partner or any departing general partner; and
- any person designated by our general partner.

Any indemnification under these provisions will only be out of our assets. Unless our general partner otherwise agrees, it will not be personally liable for, or have any obligation to contribute or lend funds or assets to us to enable us to effectuate, indemnification. We may purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our partnership agreement.

### **Reimbursement of Expenses**

Except for otherwise set forth in the omnibus agreement, our partnership agreement requires us to reimburse our general partner for all direct and indirect expenses it incurs or payments it makes on our behalf and all other expenses reasonably allocable to us or otherwise incurred by our general partner in connection with operating our business. The partnership agreement does not limit the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our general partner is entitled to determine in good faith the expenses that are allocable to us.

### **Books and Reports**

Our general partner is required to keep appropriate books of our business at our principal offices. These books will be maintained for both tax and financial reporting purposes on an accrual basis. For tax and fiscal reporting purposes, our fiscal year is the calendar year.

We will furnish or make available to record holders of our common units, within 105 days after the close of each fiscal year, an annual report containing audited consolidated financial statements and a report on those consolidated financial statements by our independent public accountants. Except for our fourth quarter, we will also furnish or make available a report containing unaudited financial statements within 50 days after the close of each quarter. We will be deemed to have made any such report available if we file such report with the SEC on EDGAR or make the report available on a publicly available website which we maintain.

We will furnish each record holder with information reasonably required for U.S. federal and state tax reporting purposes within 90 days after the close of each calendar year. This information is expected to be

## [Table of Contents](#)

furnished in summary form so that some complex calculations normally required of partners can be avoided. Our ability to furnish this summary information to our unitholders will depend on their cooperation in supplying us with specific information. Every unitholder will receive information to assist him in determining his U.S. federal and state tax liability and in filing his U.S. federal and state income tax returns, regardless of whether he supplies us with the necessary information.

### **Right to Inspect Our Books and Records**

Our partnership agreement provides that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable written demand stating the purpose of such demand and at his own expense, have furnished to him:

- a current list of the name and last known address of each record holder;
- copies of our partnership agreement, our certificate of limited partnership, related amendments and powers of attorney under which they have been executed;
- information regarding the status of our business and financial condition (provided that obligation shall be satisfied to the extent the limited partner is furnished our most recent annual report and any subsequent quarterly or periodic reports required to be filed (or which would be required to be filed) with the SEC pursuant to Section 13 of the Exchange Act); and
- any other information regarding our affairs that our general partner determines is just and reasonable.

Under our partnership agreement, however, each of our limited partners and other persons who acquire interests in our partnership do not have rights to receive information from us or any of the persons we indemnify as described above under “—Indemnification” for the purpose of determining whether to pursue litigation or assist in pending litigation against us or those indemnified persons relating to our affairs, except pursuant to the applicable rules of discovery relating to the litigation commenced by the person seeking information.

Our general partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which our general partner believes in good faith is not in our best interests, could damage us or our business or that we are required by law or by agreements with third parties to keep confidential.

### **Registration Rights**

Under our partnership agreement, we have agreed to register for resale under the Securities Act of 1933, as amended (the “Securities Act”), and applicable state securities laws any common units, subordinated units or other limited partner interests proposed to be sold by our general partner or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of our general partner. We are obligated to pay all expenses incidental to the registration, excluding underwriting discounts.

In addition, in connection with our initial public offering, we entered into a registration rights agreement with the Topper Group, LGC and others, including John B. Reilly, III, who received common units or subordinated units pursuant to the contribution agreement. Pursuant to the registration rights agreement, we will be required to file a registration statement to register the common units and subordinated units issued to the Topper Group, LGC and such other persons and the common units issuable upon the conversion of the subordinated units, upon request of the holders of such units. In addition, the registration rights agreement gives the Topper Group, LGC and such other persons piggyback registration rights under certain circumstances. The registration rights agreement also includes provisions dealing with indemnification and contribution and allocation of expenses. These registration rights are transferable to affiliates of Topper Group, LGC and such other persons, in certain circumstances, to third parties.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

This section summarizes the material federal income tax consequences that may be relevant to prospective unitholders and is based upon current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed Treasury regulations thereunder (the “Treasury Regulations”), and current administrative rulings and court decisions, all of which are subject to change. Changes in these authorities may cause the federal income tax consequences to a prospective unitholder to vary substantially from those described below, possibly on a retroactive basis. Unless the context otherwise requires, references in this section to “we” or “us” are references to Lehigh Gas Partners LP and its operating subsidiaries (other than those operating subsidiaries that constitute taxable subchapter C corporations for U.S. federal income tax purposes).

Legal conclusions contained in this section, unless otherwise noted, are the opinion of Vinson & Elkins L.L.P. and are based on the accuracy of representations made by us and by our general partner to them for this purpose. However, this section does not address all federal income tax matters that affect us or our unitholders and does not describe the application of the alternative minimum tax that may be applicable to certain unitholders. Furthermore, this section focuses on unitholders who are individual citizens or residents of the United States (for federal income tax purposes), who have the U.S. dollar as their functional currency, who use the calendar year as their taxable year, and who hold common units as capital assets (generally, property that is held for investment). This section has limited applicability to corporations, partnerships (including entities treated as partnerships for federal income tax purposes), estates, trusts, non-resident aliens or other unitholders subject to specialized tax treatment, such as tax-exempt institutions, non-U.S. persons, individual retirement accounts (“IRAs”), employee benefit plans, real estate investment trusts or mutual funds. Accordingly, we encourage each unitholder to consult the unitholder’s own tax advisor in analyzing the federal, state, local and non-U.S. tax consequences particular to that unitholder resulting from ownership or disposition of units and potential changes in applicable tax laws.

We are relying on opinions and advice of Vinson & Elkins L.L.P. with respect to the matters described herein. An opinion of counsel represents only that counsel’s best legal judgment and does not bind the Internal Revenue Service (“IRS”) or a court. Accordingly, the opinions and statements made herein may not be sustained by a court if contested by the IRS. Any such contest of the matters described herein may materially and adversely impact the market for units and the prices at which our units trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders and our general partner because the costs will reduce our cash available for distribution. Furthermore, the tax consequences of an investment in us may be significantly modified by future legislative or administrative changes or court decisions, which may be retroactively applied.

For the reasons described below, Vinson & Elkins L.L.P. has not rendered an opinion with respect to the following federal income tax issues: (1) the treatment of a unitholder whose units are the subject of a securities loan (e.g., a loan to a short seller to cover a short sale of units) (please read “—Tax Consequences of Unit Ownership—Treatment of Securities Loans”); (2) whether our monthly convention for allocating taxable income and losses is permitted by existing Treasury Regulations (please read “—Disposition of Units—Allocations Between Transferors and Transferees”); and (3) whether our method for taking into account Section 743 adjustments is sustainable in certain cases (please read “—Tax Consequences of Unit Ownership—Section 754 Election” and “—Uniformity of Units”).

### Taxation of the Partnership

#### *Partnership Status*

We expect to be treated as a partnership for U.S. federal income tax purposes and, therefore, generally will not be liable for entity-level federal income taxes. Instead, as described below, each of our unitholders will take into account its respective share of our items of income, gain, loss and deduction in computing its federal income tax liability as if the unitholder had earned such income directly, even if we make no cash distributions to the unitholder.



## [Table of Contents](#)

Section 7704 of the Code generally provides that publicly traded partnerships will be treated as corporations for federal income tax purposes. However, if 90% or more of a partnership's gross income for every taxable year it is publicly-traded consists of "qualifying income," the partnership may continue to be treated as a partnership for federal income tax purposes (the "Qualifying Income Exception"). Qualifying income includes (i) income and gains derived from the transportation, storage, processing and marketing of crude oil, natural gas and products thereof (including gasoline and diesel), (ii) "rents" from the leasing of real property, (iii) interest (other than from a financial business), (iv) dividends, (v) gains from the sale of real property and (vi) gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income.

We expect that a significant amount of our qualifying income will be comprised of real property rents from LGO attributable to the approximately 280 sites that LGO leases from us. In general, any real property rents that we receive from a tenant or sub-tenant of ours in which we own, directly or indirectly (a) in the case where such tenant or sub-tenant is a corporation for U.S. federal income tax purposes (a "Corporate Tenant"), stock of such tenant or sub-tenant possessing ten percent (10%) or more of the total combined voting power of all classes of stock entitled to vote or ten percent (10%) or more of the total value of shares of all classes of stock of such tenant or sub-tenant, and (b) in the case where such tenant or sub-tenant is not a corporation for U.S. federal income tax purposes (a "Non-Corporate Tenant"), an interest of ten percent (10%) or more in the assets or net profits of such tenant or sub-tenant (in each case, the "Related Tenant Test"), would not constitute qualifying income. In determining such ownership, we are required to apply certain constructive ownership rules, including one that would treat us as owning any stock of a Corporate Tenant or interest in the assets or net profits of a Non-Corporate Tenant that is actually or constructively owned by any person that owns, directly or indirectly, five percent (5%) or more (by value) of our interests. If we were to constructively own, directly or indirectly, an interest of ten percent (10%) or more in the assets or net profits of LGO (which is a Non-Corporate Tenant of ours) under the Related Tenant Test, then the real property rents that we receive from LGO would not constitute qualifying income and, thus, we would likely no longer qualify to be treated as a "partnership" (and instead would be treated as a corporation) for U.S. federal income tax purposes.

Each of Joseph V. Topper, Jr. and John B. Reilly, III actually or constructively owns five percent (5%) or more (by value) of our interests, and Joseph V. Topper, Jr. owns an interest of five percent (5%) of the assets and net profits of LGO. Accordingly, for purposes of the Related Tenant Test, we will be deemed to own an interest of five percent (5%) of the assets and net profits of LGO. In order to minimize the risk of our failing the Related Tenant Test with respect to LGO Holdings or any of our other tenants or sub-tenants, our partnership agreement and LGO Holdings' operating agreement contain provisions that expressly prohibit our units and the interests in the assets and net profits of LGO Holdings from being actually or constructively owned by any person if it would result in our actually or constructively owning (a) in the case of LGO, more than the five percent (5%) interest in LGO Holdings' assets and net profits that we are deemed to currently own (the "LGO Ownership Limitation"), and (b) (1) in the case of a Corporate Tenant of ours, stock of such tenant or sub-tenant possessing ten percent (10%) or more of the total combined voting power of all classes of stock entitled to vote or ten percent (10%) or more of the total value of shares of all classes of stock of such tenant or sub-tenant, and (2) in the case of a Non-Corporate Tenant of ours (other than LGO), an interest of ten percent (10%) or more in such tenant's or sub-tenant's assets or net profits ("Non-LGO Tenant Ownership Limitation").

Any transfer of (or certain non-transfer events with respect to) units or interests in the assets or net profits of LGO Holdings that would result in a violation of the LGO Ownership Limitation or the Non-LGO Tenant Ownership Limitation (any such transfer or non-transfer event, a "Prohibited Event" and the holder of such units or interest, a "Prohibited Owner") will be void ab initio. Furthermore, any such units and, in the case of a violation of the LGO Ownership Limitation, the breaching LGO Holdings member's entire interest in LGO Holdings would automatically and by operation of law be transferred to a trust ("Trust"), the beneficiary or beneficiaries of which will be one or more organizations exempt from U.S. federal income tax under Section 501(c)(3) of the Code and the trustee of which will be such person(s) unaffiliated with us that our general partner or the manager of LGO Holdings, as applicable, shall designate. If there should be a Prohibited Event

## [Table of Contents](#)

prior to our becoming aware of such event having occurred and, as a result, we make distributions and allocations of our income, gain, losses, deductions and credits following the transfer of the applicable units to the Prohibited Owner rather than to the Trust, then we will take all reasonable measures that we determine reasonably necessary to recover the amount of any such distributions and to effectuate the re-allocation of such income, gain, losses, deductions and credits from the Prohibited Owner to the Trust (including, if not foreclosed by an applicable statute of limitations, by filing one or more amended tax returns).

LGO Holdings' operating agreement also requires that, by the seventy-fifth (75th) day following the end of each calendar year, each LGO Holdings member shall furnish to both the LGO Holdings manager and a representative of ours a certification stating to the effect that there was no Prohibited Event during such calendar year. Our partnership agreement further requires each actual or constructive owner of units constituting 4.9% or more (by value) of our interests to provide a certification to us stating such owner's name and address, the number and class of units owned or constructively owned by such owner, a description of how such units are held and such other information that we may request in order to allow us to monitor compliance with the Related Tenant Test. Our general partner may permit ownership of units that cause a violation of the Related Tenant Test if it would not result in less than ninety-five percent (95%) of our gross income constituting 7704 qualifying income.

We estimate that less than 5% of our current gross income is not qualifying income; however, this estimate could change from time to time.

Based upon the factual representations made by us and our general partner, Vinson & Elkins L.L.P. is of the opinion that we will be treated as a partnership and our partnership and limited liability company subsidiaries will be disregarded as entities separate from us for federal income tax purposes. The representations made by us and by our general partner upon which Vinson & Elkins L.L.P. has relied in rendering its opinion include, without limitation:

(a) Neither we nor any of our partnership or limited liability company subsidiaries has elected or will elect to be treated as a corporation for federal income tax purposes; and

(b) For each taxable year since and including the year of our initial public offering, more than 90% of our gross income has been and will be income of a character that Vinson & Elkins L.L.P. has opined is "qualifying income" within the meaning of Section 7704(d) of the Code.

We believe that these representations are true and will be true in the future.

If we fail to meet the Qualifying Income Exception, other than a failure that is determined by the IRS to be inadvertent and that is cured within a reasonable time after discovery (in which case the IRS may also require us to make adjustments with respect to our unitholders or pay other amounts), we will be treated as transferring all of our assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which we fail to meet the Qualifying Income Exception, in return for stock in that corporation and then as distributing that stock to our unitholders in liquidation. This deemed contribution and liquidation should not result in the recognition of taxable income by our unitholders or us so long as our liabilities do not exceed the tax basis of our assets. Thereafter, we would be treated as an association taxable as a corporation for federal income tax purposes.

The present federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative or legislative action or judicial interpretation at any time. For example, from time to time, members of the U.S. Congress propose and consider substantive changes to the existing federal income tax laws that affect publicly traded partnerships. One such legislative proposal would have eliminated the Qualifying Income Exception upon which we rely for our treatment as a partnership for U.S. federal income tax purposes. We are unable to predict whether any such changes will ultimately be enacted. However, it is possible that a change in law could affect us and may be applied retroactively. Any such changes could negatively impact the value of an investment in our units.

## [Table of Contents](#)

If for any reason we are taxable as a corporation in any taxable year, our items of income, gain, loss and deduction would be taken into account by us in determining the amount of our liability for federal income tax, rather than being passed through to our unitholders. Our taxation as a corporation would materially reduce the cash available for distribution to unitholders and thus would likely substantially reduce the value of our units. Any distribution made to a unitholder at a time we are treated as a corporation would be (i) a taxable dividend to the extent of our current or accumulated earnings and profits, then (ii) a nontaxable return of capital to the extent of the unitholder's tax basis in its units, and thereafter (iii) taxable capital gain.

The remainder of this discussion is based on the opinion of Vinson & Elkins L.L.P. that we will be treated as a partnership for federal income tax purposes.

### **Tax Consequences of Unit Ownership**

#### ***Limited Partner Status***

Unitholders who are admitted as limited partners of the partnership, as well as unitholders whose units are held in street name or by a nominee and who have the right to direct the nominee in the exercise of all substantive rights attendant to the ownership of units, will be treated as partners of the partnership for federal income tax purposes. For a discussion related to the risks of losing partner status as a result of securities loans, please read “—Tax Consequences of Unit Ownership—Treatment of Securities Loans.” Unitholders who are not treated as partners in us as described above are urged to consult their own tax advisors with respect to the tax consequences applicable to them under their particular circumstances.

#### ***Flow-Through of Taxable Income***

Subject to the discussion below under “—Entity-Level Collections of Unitholder Taxes” with respect to payments we may be required to make on behalf of our unitholders, we will not pay any federal income tax. Rather, each unitholder will be required to report on its federal income tax return each year its share of our income, gains, losses and deductions for our taxable year or years ending with or within its taxable year. Consequently, we may allocate income to a unitholder even if that unitholder has not received a cash distribution.

#### ***Basis of Units***

A unitholder's tax basis in its units initially will be the amount paid for those units increased by the unitholder's initial allocable share of our nonrecourse liabilities. That basis generally will be (i) increased by the unitholder's share of our income and any increases in such unitholder's share of our nonrecourse liabilities, and (ii) decreased, but not below zero, by the amount of all distributions to the unitholder, the unitholder's share of our losses, and any decreases in the unitholder's share of our nonrecourse liabilities and its share of our expenditures that are neither deductible nor required to be capitalized. The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all of those interests.

#### ***Treatment of Distributions***

Distributions by us to a unitholder generally will not be taxable to the unitholder, unless such distributions exceed the unitholder's tax basis in its common units, in which case the unitholder generally will recognize gain taxable in the manner described below under “—Disposition of Units.”

Any reduction in a unitholder's share of our “nonrecourse liabilities” (liabilities for which no partner bears the economic risk of loss) will be treated as a distribution by us of cash to that unitholder. A decrease in a unitholder's percentage interest in us because of our issuance of additional units may decrease the unitholder's share of our nonrecourse liabilities. For purposes of the foregoing, a unitholder's share of our nonrecourse liabilities generally will be based upon that unitholder's share of the unrealized appreciation (or depreciation) in our assets, to the extent thereof, with any excess liabilities allocated based on the unitholder's share of our profits. Please read “—Disposition of Units.”

## [Table of Contents](#)

A non-pro rata distribution of money or property (including a deemed distribution as a result of the reallocation of our liabilities described above) may cause a unitholder to recognize ordinary income, if the distribution reduces the unitholder's share of our "unrealized receivables," including depreciation and depletion recapture and substantially appreciated "inventory items," both as defined in Section 751 of the Code ("Section 751 Assets"). To the extent of such reduction, the unitholder would be deemed to receive its proportionate share of the Section 751 Assets and exchange such assets with us in return for a portion of the non-pro rata distribution. This deemed exchange generally will result in the unitholder's recognition of ordinary income in an amount equal to the excess of (1) the non-pro rata portion of that distribution over (2) the unitholder's tax basis (generally zero) in the Section 751 Assets deemed to be relinquished in the exchange.

### ***Limitations on Deductibility of Losses***

A unitholder may not be entitled to deduct the full amount of loss we allocate to it because its share of our losses will be limited to the lesser of (i) the unitholder's tax basis in its units, and (ii) in the case of a unitholder that is an individual, estate, trust or certain types of closely-held corporations, the amount for which the unitholder is considered to be "at risk" with respect to our activities. In general, a unitholder will be at risk to the extent of its tax basis in its units, reduced by (1) any portion of that basis attributable to the unitholder's share of our liabilities, (2) any portion of that basis representing amounts otherwise protected against loss because of a guarantee, stop loss agreement or similar arrangement and (3) any amount of money the unitholder borrows to acquire or hold its units, if the lender of those borrowed funds owns an interest in us, is related to another unitholder or can look only to the units for repayment. A unitholder subject to the at risk limitation must recapture losses deducted in previous years to the extent that distributions (including distributions deemed to result from a reduction in a unitholder's share of nonrecourse liabilities) cause the unitholder's at risk amount to be less than zero at the end of any taxable year.

Losses disallowed to a unitholder or recaptured as a result of the basis or at risk limitations will carry forward and will be allowable as a deduction in a later year to the extent that the unitholder's tax basis or at risk amount, whichever is the limiting factor, is subsequently increased. Upon a taxable disposition of units, any gain recognized by a unitholder can be offset by losses that were previously suspended by the at risk limitation but not losses suspended by the basis limitation. Any loss previously suspended by the at risk limitation in excess of that gain can no longer be used, and will not be available to offset a unitholder's salary or active business income.

In addition to the basis and at risk limitations, a passive activity loss limitation generally limits the deductibility of losses incurred by individuals, estates, trusts, some closely-held corporations and personal service corporations from "passive activities" (generally, trade or business activities in which the taxpayer does not materially participate). The passive loss limitations are applied separately with respect to each publicly-traded partnership. Consequently, any passive losses we generate will be available to offset only passive income generated by us. Passive losses that exceed a unitholder's share of passive income we generate may be deducted in full when the unitholder disposes of all of its units in a fully taxable transaction with an unrelated party. The passive loss rules generally are applied after other applicable limitations on deductions, including the at risk and basis limitations.

### ***Limitations on Interest Deductions***

The deductibility of a non-corporate taxpayer's "investment interest expense" generally is limited to the amount of that taxpayer's "net investment income." Investment interest expense includes:

- interest on indebtedness allocable to property held for investment;
- interest expense allocated against portfolio income; and
- the portion of interest expense incurred to purchase or carry an interest in a passive activity to the extent allocable against portfolio income.

## [Table of Contents](#)

The computation of a unitholder's investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase or carry a unit. Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses other than interest directly connected with the production of investment income. Net investment income generally does not include qualified dividend income or gains attributable to the disposition of property held for investment. A unitholder's share of a publicly-traded partnership's portfolio income and, according to the IRS, net passive income will be treated as investment income for purposes of the investment interest expense limitation.

### ***Entity-Level Collections of Unitholder Taxes***

If we are required or elect under applicable law to pay any federal, state, local or non-U.S. tax on behalf of any current or former unitholder or our general partner, we are authorized to treat the payment as a distribution of cash to the relevant unitholder or general partner. Where the tax is payable on behalf of all unitholders or we cannot determine the specific unitholder on whose behalf the tax is payable, we are authorized to treat the payment as a distribution to all current unitholders. Payments by us as described above could give rise to an overpayment of tax on behalf of a unitholder, in which event the unitholder may be entitled to claim a refund of the overpayment amount. Unitholders are urged to consult their tax advisors to determine the consequences to them of any tax payment we make on their behalf.

### ***Allocation of Income, Gain, Loss and Deduction***

Our items of income, gain, loss and deduction generally will be allocated amongst our unitholders in accordance with their percentage interests in us. At any time that distributions are made to the common units in excess of distributions to the subordinated units, or we make incentive distributions to our general partner, gross income will be allocated to the recipients to the extent of these distributions.

Specified items of our income, gain, loss and deduction will be allocated under Section 704(c) of the Code (or the principles of Section 704(c) of the Code) to account for any difference between the tax basis and fair market value of our assets at the time such assets are contributed to us and at the time of any subsequent offering of our units (a "Book-Tax Disparity"). As a result, the federal income tax burden associated with any Book-Tax Disparity immediately prior to an offering generally will be borne by our partners holding interests in us prior to such offering. In addition, items of recapture income will be specially allocated to the extent possible to the unitholder who was allocated the deduction giving rise to that recapture income in order to minimize the recognition of ordinary income by other unitholders.

An allocation of items of our income, gain, loss or deduction, other than an allocation required by the Code to eliminate a Book-Tax Disparity, will generally be given effect for federal income tax purposes in determining a partner's share of an item of income, gain, loss or deduction only if the allocation has "substantial economic effect." In any other case, a partner's share of an item will be determined on the basis of the partner's interest in us, which will be determined by taking into account all the facts and circumstances, including (i) the partner's relative contributions to us, (ii) the interests of all the partners in profits and losses, (iii) the interest of all the partners in cash flow and (iv) the rights of all the partners to distributions of capital upon liquidation. Vinson & Elkins L.L.P. is of the opinion that, with the exception of the issues described in "—Section 754 Election" and "—Disposition of Units—Allocations Between Transferors and Transferees," allocations of income, gain, loss or deduction under our partnership agreement will be given effect for federal income tax purposes.

### ***Treatment of Securities Loans***

A unitholder whose units are loaned (for example, a loan to a "short seller" to cover a short sale of units) may be treated as having disposed of those units. If so, such unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. As a result, during this period (i) any of our income, gain, loss or deduction allocated to those units would not be reportable by the lending unitholder and (ii) any cash distributions received by the unitholder as to those units may be treated as ordinary taxable income.

## [Table of Contents](#)

Due to a lack of controlling authority, Vinson & Elkins L.L.P. has not rendered an opinion regarding the tax treatment of a unitholder that enters into a securities loan with respect to its units. Unitholders desiring to assure their status as partners and avoid the risk of income recognition from a loan of their units are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and lending their units. The IRS has announced that it is studying issues relating to the tax treatment of short sales of partnership interests. Please read “—Disposition of Units—Recognition of Gain or Loss.”

### ***Tax Rates***

Under current law, the highest marginal federal income tax rates for individuals applicable to ordinary income and long-term capital gains (generally, gains from the sale or exchange of certain investment assets held for more than one year) are 39.6% and 20%, respectively. Any unrecaptured section 1250 gain is subject to a maximum U.S. federal income tax rate of 25%. These rates are subject to change by new legislation at any time.

In addition, a 3.8% net investment income tax (“NIIT”) applies to certain net investment income earned by individuals, estates, and trusts. For these purposes, net investment income generally includes a unitholder’s allocable share of our income and gain realized by a unitholder from a sale of units. In the case of an individual, the tax will be imposed on the lesser of (i) the unitholder’s net investment income from all investments, or (ii) the amount by which the unitholder’s modified adjusted gross income exceeds \$250,000 (if the unitholder is married and filing jointly or a surviving spouse), \$125,000 (if married filing separately) or \$200,000 (if the unitholder is unmarried or in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income, or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

### ***Section 754 Election***

We have made the election permitted by Section 754 of the Code that permits us to adjust the tax bases in our assets as to specific purchasers of our units under Section 743(b) of the Code. That election is irrevocable without the consent of the IRS. The Section 743(b) adjustment separately applies to each purchaser of common units based upon the values and bases of our assets at the time of the relevant purchase, and the adjustment will reflect the purchase price paid. The Section 743(b) adjustment does not apply to a person who purchases units directly from us.

Under our partnership agreement, we are authorized to take a position to preserve the uniformity of units even if that position is not consistent with applicable Treasury Regulations. A literal application of Treasury Regulations governing a 743(b) adjustment attributable to properties depreciable under Section 167 of the Code may give rise to differences in the taxation of unitholders purchasing units from us and unitholders purchasing from other unitholders. If we have any such properties, we intend to adopt methods employed by other publicly traded partnerships to preserve the uniformity of units, even if inconsistent with existing Treasury Regulations, and Vinson & Elkins L.L.P. has not opined on the validity of this approach. Please read “—Uniformity of Units.”

The IRS may challenge the positions we adopt with respect to depreciating or amortizing the Section 743(b) adjustment we take to preserve the uniformity of units due to lack of controlling authority. Because a unitholder’s tax basis for its units is reduced by its share of our items of deduction or loss, any position we take that understates deductions will overstate a unitholder’s basis in its units, and may cause the unitholder to understate gain or overstate loss on any sale of such units. Please read “—Disposition of Units—Recognition of Gain or Loss.” If a challenge to such treatment were sustained, the gain from the sale of units may be increased without the benefit of additional deductions.

The calculations involved in the Section 754 election are complex and are made on the basis of assumptions as to the value of our assets and other matters. The IRS could seek to reallocate some or all of any Section 743(b) adjustment we allocated to our assets subject to depreciation to goodwill or nondepreciable assets. Goodwill, as an intangible asset, is generally amortizable over a longer period of time or under a less accelerated method than

## [Table of Contents](#)

our tangible assets. We cannot assure any unitholder that the determinations we make will not be successfully challenged by the IRS or that the resulting deductions will not be reduced or disallowed altogether. Should the IRS require a different tax basis adjustment to be made, and should, in our opinion, the expense of compliance exceed the benefit of the election, we may seek permission from the IRS to revoke our Section 754 election. If permission is granted, a subsequent purchaser of units may be allocated more income than it would have been allocated had the election not been revoked.

### **Tax Treatment of Operations**

#### ***Accounting Method and Taxable Year***

We use the year ending December 31 as our taxable year and the accrual method of accounting for federal income tax purposes. Each unitholder will be required to include in its tax return its share of our income, gain, loss and deduction for each taxable year ending within or with its taxable year. In addition, a unitholder who has a taxable year ending on a date other than December 31 and who disposes of all of its units following the close of our taxable year but before the close of its taxable year must include its share of our income, gain, loss and deduction in income for its taxable year, with the result that it will be required to include in income for its taxable year its share of more than twelve months of our income, gain, loss and deduction. Please read “—Disposition of Units—Allocations Between Transferors and Transferees.”

#### ***Tax Basis, Depreciation and Amortization***

The tax basis of our assets will be used for purposes of computing depreciation and cost recovery deductions and, ultimately, gain or loss on the disposition of those assets. If we dispose of depreciable property by sale, foreclosure or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation and depletion deductions previously taken, may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a unitholder who has taken cost recovery or depreciation deductions with respect to property we own will likely be required to recapture some or all of those deductions as ordinary income upon a sale of its interest in us. Please read “—Tax Consequences of Unit Ownership—Allocation of Income, Gain, Loss and Deduction.”

The costs we incur in offering and selling our units (called “syndication expenses”) must be capitalized and cannot be deducted currently, ratably or upon our termination. While there are uncertainties regarding the classification of costs as organization expenses, which may be amortized by us, and as syndication expenses, which may not be amortized by us, the underwriting discounts and commissions we incur will be treated as syndication expenses. Please read “Disposition of Units—Recognition of Gain or Loss.”

#### ***Valuation and Tax Basis of Our Properties***

The federal income tax consequences of the ownership and disposition of units will depend in part on our estimates of the relative fair market values and the tax bases of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we will make many of the relative fair market value estimates ourselves. These estimates and determinations of tax basis are subject to challenge and will not be binding on the IRS or the courts. If the estimates of fair market value or basis are later found to be incorrect, the character and amount of items of income, gain, loss or deduction previously reported by unitholders could change, and unitholders could be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

### **Disposition of Units**

#### ***Recognition of Gain or Loss***

A unitholder will be required to recognize gain or loss on a sale of units equal to the difference between the unitholder’s amount realized and tax basis in the units sold. A unitholder’s amount realized generally will equal the

## [Table of Contents](#)

sum of the cash and the fair market value of other property it receives plus its share of our nonrecourse liabilities with respect to the units sold. Because the amount realized includes a unitholder's share of our nonrecourse liabilities, the gain recognized on the sale of units could result in a tax liability in excess of any cash received from the sale.

Except as noted below, gain or loss recognized by a unitholder on the sale or exchange of a unit held for more than one year generally will be taxable as long-term capital gain or loss. However, gain or loss recognized on the disposition of units will be separately computed and taxed as ordinary income or loss under Section 751 of the Code to the extent attributable to Section 751 Assets, such as depreciation or depletion recapture and our "inventory items," regardless of whether such inventory item is substantially appreciated in value. Ordinary income attributable to Section 751 Assets may exceed net taxable gain realized on the sale of a unit and may be recognized even if there is a net taxable loss realized on the sale of a unit. Thus, a unitholder may recognize both ordinary income and capital gain or loss upon a sale of units. Net capital loss may offset capital gains and, in the case of individuals, up to \$3,000 of ordinary income per year.

For purposes of calculating gain or loss on the sale of units, the unitholder's adjusted tax basis will be adjusted by its allocable share of our income or loss in respect of its units for the year of the sale. Furthermore, as described above, the IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all of those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an "equitable apportionment" method, which generally means that the tax basis allocated to the interest sold equals an amount that bears the same relation to the partner's tax basis in its entire interest in the partnership as the value of the interest sold bears to the value of the partner's entire interest in the partnership.

Treasury Regulations under Section 1223 of the Code allow a selling unitholder who can identify units transferred with an ascertainable holding period to elect to use the actual holding period of the units transferred. Thus, according to the ruling discussed in the paragraph above, a unitholder will be unable to select high or low basis units to sell as would be the case with corporate stock, but, according to the Treasury Regulations, it may designate specific units sold for purposes of determining the holding period of the units transferred. A unitholder electing to use the actual holding period of units transferred must consistently use that identification method for all subsequent sales or exchanges of our units. A unitholder considering the purchase of additional units or a sale of units purchased in separate transactions is urged to consult its tax advisor as to the possible consequences of this ruling and application of the Treasury Regulations.

Specific provisions of the Code affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an "appreciated" financial position, including a partnership interest with respect to which gain would be recognized if it were sold, assigned or terminated at its fair market value, in the event the taxpayer or a related person enters into:

- a short sale;
- an offsetting notional principal contract; or
- a futures or forward contract with respect to the partnership interest or substantially identical property.

Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to the partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Secretary of the Treasury is authorized to issue Treasury Regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position.



### ***Allocations Between Transferors and Transferees***

In general, our taxable income or loss will be determined annually, will be prorated on a monthly basis and will be subsequently apportioned among the unitholders in proportion to the number of units owned by each of them as of the opening of the applicable exchange on the first business day of the month (the "Allocation Date"). However, gain or loss realized on a sale or other disposition of our assets or, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction will be allocated among the unitholders on the Allocation Date in the month in which such income, gain, loss or deduction is recognized. As a result, a unitholder transferring units may be allocated income, gain, loss and deduction realized after the date of transfer.

Although simplifying conventions are contemplated by the Code and most publicly traded partnerships use similar simplifying conventions, the use of this method may not be permitted under existing Treasury Regulations. Recently, however, the Department of the Treasury and the IRS issued proposed Treasury Regulations that provide a safe harbor pursuant to which a publicly traded partnership may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders, although such tax items must be prorated on a daily basis. Nonetheless, the proposed regulations do not specifically authorize the use of the proration method we have adopted. Accordingly, Vinson & Elkins L.L.P. is unable to opine on the validity of this method of allocating income and deductions between transferee and transferor unitholders. If this method is not allowed under the final Treasury Regulations, or only applies to transfers of less than all of the unitholder's interest, our taxable income or losses could be reallocated among our unitholders. We are authorized to revise our method of allocation between transferee and transferor unitholders, as well as among unitholders whose interests vary during a taxable year, to conform to a method permitted under future Treasury Regulations.

A unitholder who disposes of units prior to the record date set for a cash distribution for that quarter will be allocated items of our income, gain, loss and deduction attributable to the month of disposition but will not be entitled to receive a cash distribution for that period.

### ***Notification Requirements***

A unitholder who sells or purchases any of its units is generally required to notify us in writing of that transaction within 30 days after the transaction (or, if earlier, January 15 of the year following the transaction in the case of a seller). Upon receiving such notifications, we are required to notify the IRS of that transaction and to furnish specified information to the transferor and transferee. Failure to notify us of a transfer of units may, in some cases, lead to the imposition of penalties. However, these reporting requirements do not apply to a sale by an individual who is a citizen of the United States and who effects the sale through a broker who will satisfy such requirements.

### ***Constructive Termination***

We will be considered to have "constructively" terminated as a partnership for federal income tax purposes upon the sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. The Topper Group collectively owns more than 50% of the total interests in our capital and profits. Therefore, a transfer of all or a portion of the Topper Group's interests in us could result in a termination of our partnership for federal income tax purposes. For purposes of measuring whether the 50% threshold is reached, multiple sales of the same unit are counted only once. A constructive termination results in the closing of our taxable year for all unitholders. In the case of a unitholder reporting on a taxable year other than the calendar year, the closing of our taxable year may result in more than twelve months of our taxable income or loss being includable in such unitholder's taxable income for the year of termination.

A constructive termination occurring on a date other than December 31 generally would require that we file two tax returns for one fiscal year thereby increasing our administration and tax preparation costs. However, pursuant to an IRS relief procedure, the IRS may allow a constructively terminated partnership to provide a single Schedule K-1 for the calendar year in which a termination occurs. Following a constructive termination,

## [Table of Contents](#)

we would be required to make new tax elections, including a new election under Section 754 of the Code, and the termination would result in a deferral of our deductions for depreciation. A termination could also result in penalties if we were unable to determine that the termination had occurred. Moreover, a termination may either accelerate the application of, or subject us to, any tax legislation enacted before the termination that would not otherwise have been applied to us as a continuing as opposed to a terminating partnership.

### **Uniformity of Units**

Because we cannot match transferors and transferees of units and other reasons, we must maintain uniformity of the economic and tax characteristics of the units to a purchaser of these units. In the absence of uniformity, we may be unable to completely comply with a number of federal income tax requirements. Any non-uniformity could have a negative impact on the value of the units. Please read “—Tax Consequences of Unit Ownership—Section 754 Election.”

Our partnership agreement permits our general partner to take positions in filing our tax returns that preserve the uniformity of our units. These positions may include reducing the depreciation, amortization or loss deductions to which a unitholder would otherwise be entitled or reporting a slower amortization of Section 743(b) adjustments for some unitholders than that to which they would otherwise be entitled. Vinson & Elkins L.L.P. is unable to opine as to the validity of such filing positions.

A unitholder’s basis in units is reduced by its share of our deductions (whether or not such deductions were claimed on an individual income tax return) so that any position that we take that understates deductions will overstate the unitholder’s basis in its units, and may cause the unitholder to understate gain or overstate loss on any sale of such units. Please read “—Disposition of Units—Recognition of Gain or Loss” above and “—Tax Consequences of Unit Ownership—Section 754 Election” above. The IRS may challenge one or more of any positions we take to preserve the uniformity of units. If such a challenge were sustained, the uniformity of units might be affected, and, under some circumstances, the gain from the sale of units might be increased without the benefit of additional deductions.

### **Tax-Exempt Organizations and Other Investors**

Ownership of units by employee benefit plans and other tax-exempt organizations as well as by non-resident alien individuals, non-U.S. corporations and other non-U.S. persons (collectively, “Non-U.S. Unitholders”) raises issues unique to those investors and, as described below, may have substantially adverse tax consequences to them. Prospective unitholders that are tax-exempt entities or non-U.S. unitholders should consult their tax advisors before investing in our units. Employee benefit plans and most other tax-exempt organizations, including IRAs and other retirement plans, are subject to federal income tax on unrelated business taxable income. Virtually all of our income will be unrelated business taxable income and will be taxable to a tax-exempt unitholder.

Non-U.S. unitholders are taxed by the United States on income effectively connected with the conduct of a U.S. trade or business (“effectively connected income”) and on certain types of U.S.-source non-effectively connected income (such as dividends), unless exempted or further limited by an income tax treaty will be considered to be engaged in business in the United States because of their ownership of our units. Furthermore, is it probable that they will be deemed to conduct such activities through permanent establishments in the United States within the meaning of applicable tax treaties. Consequently, they will be required to file federal tax returns to report their share of our income, gain, loss or deduction and pay federal income tax on their share of our net income or gain in a manner similar to a taxable U.S. unitholder. Moreover, under rules applicable to publicly traded partnerships, distributions to non-U.S. unitholders are subject to withholding at the highest applicable effective tax rate. Each non-U.S. unitholder must obtain a taxpayer identification number from the IRS and submit that number to our transfer agent on a Form W-8BEN or applicable substitute form in order to obtain credit for these withholding taxes.

## [Table of Contents](#)

In addition, because a non-U.S. unitholder classified as a corporation will be treated as engaged in a United States trade or business, that corporation may be subject to the U.S. branch profits tax at a rate of 30%, in addition to regular federal income tax, on its share of our income and gain as adjusted for changes in the foreign corporation's "U.S. net equity" to the extent reflected in the corporation's effectively connected earnings and profits. That tax may be reduced or eliminated by an income tax treaty between the United States and the country in which the foreign corporate unitholder is a "qualified resident." In addition, this type of unitholder is subject to special information reporting requirements under Section 6038C of the Code.

A non-U.S. unitholder who sells or otherwise disposes of a unit will be subject to federal income tax on gain realized from the sale or disposition of that unit to the extent the gain is effectively connected with a U.S. trade or business of the non-U.S. unitholder. Under a ruling published by the IRS interpreting the scope of "effectively connected income," gain recognized by a non-U.S. person from the sale of its interest in a partnership that is engaged in a trade or business in the United States will be considered to be effectively connected with a U.S. trade or business. Thus, part or all of a non-U.S. unitholder's gain from the sale or other disposition of its units may be treated as effectively connected with a unitholder's indirect U.S. trade or business constituted by its investment in us. Moreover, under the Foreign Investment in Real Property Tax Act, a non-U.S. unitholder generally will be subject to federal income tax upon the sale or disposition of a unit if (i) it owned (directly or indirectly constructively applying certain attribution rules) more than 5% of our units at any time during the five-year period ending on the date of such disposition and (ii) 50% or more of the fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business consisted of U.S. real property interests (which include U.S. real estate (including land, improvements, and certain associated personal property) and interests in certain entities holding U.S. real estate) at any time during the shorter of the period during which such unitholder held the units or the 5-year period ending on the date of disposition. More than 50% of our assets may consist of U.S. real property interests. Therefore, non-U.S. unitholders may be subject to federal income tax on gain from the sale or disposition of their units.

## **Administrative Matters**

### ***Information Returns and Audit Procedures***

We intend to furnish to each unitholder, within 90 days after the close of each taxable year, specific tax information, including a Schedule K-1, which describes its share of our income, gain, loss and deduction for our preceding taxable year. In preparing this information, which will not be reviewed by counsel, we will take various accounting and reporting positions, some of which have been mentioned earlier, to determine each unitholder's share of income, gain, loss and deduction. We cannot assure our unitholders that those positions will yield a result that conforms to all of the requirements of the Code, Treasury Regulations or administrative interpretations of the IRS.

The IRS may audit our federal income tax information returns. Neither we nor Vinson & Elkins L.L.P. can assure prospective unitholders that the IRS will not successfully challenge the positions we adopt, and such a challenge could adversely affect the value of the units. Adjustments resulting from an IRS audit may require each unitholder to adjust a prior year's tax liability and may result in an audit of the unitholder's own return. Any audit of a unitholder's return could result in adjustments unrelated to our returns.

Publicly traded partnerships generally are treated as entities separate from their owners for purposes of federal income tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction are determined in a partnership proceeding rather than in separate proceedings of the partners. The Code requires that one partner be designated as the "Tax Matters Partner" for these purposes, and our partnership agreement designates our general partner.

The Tax Matters Partner can extend the statute of limitations for assessment of tax deficiencies against unitholders for items in our returns. The Tax Matters Partner may bind a unitholder with less than a 1% profits

## [Table of Contents](#)

interest in us to a settlement with the IRS unless that unitholder elects, by filing a statement with the IRS, not to give that authority to the Tax Matters Partner. The Tax Matters Partner may seek judicial review, by which all the unitholders are bound, of a final partnership administrative adjustment and, if the Tax Matters Partner fails to seek judicial review, judicial review may be sought by any unitholder having at least a 1% interest in profits or by any group of unitholders having in the aggregate at least a 5% interest in profits. However, only one action for judicial review may go forward, and each unitholder with an interest in the outcome may participate in that action.

A unitholder must file a statement with the IRS identifying the treatment of any item on its federal income tax return that is not consistent with the treatment of the item on our return. Intentional or negligent disregard of this consistency requirement may subject a unitholder to substantial penalties.

### ***Nominee Reporting***

Persons who hold an interest in us as a nominee for another person are required to furnish to us:

(1) the name, address and taxpayer identification number of the beneficial owner and the nominee;

(2) a statement regarding whether the beneficial owner is:

(a) a non-U.S. person;

(b) a non-U.S. government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing; or

(c) a tax-exempt entity;

(3) the amount and description of units held, acquired or transferred for the beneficial owner; and

(4) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions are required to furnish additional information, including whether they are U.S. persons and specific information on units they acquire, hold or transfer for their own account. A penalty of \$100 per failure, up to a maximum of \$1.5 million per calendar year, is imposed by the Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the units with the information furnished to us.

### ***Accuracy-Related Penalties***

Certain penalties may be imposed as a result of an underpayment of tax that is attributable to one or more specified causes, including negligence or disregard of rules or regulations, substantial understatements of income tax and substantial valuation misstatements. No penalty will be imposed, however, for any portion of an underpayment if it is shown that there was a reasonable cause for the underpayment of that portion and that the taxpayer acted in good faith regarding the underpayment of that portion. We do not anticipate that any accuracy-related penalties will be assessed against us.

### **State, Local, Non-U.S. and Other Tax Considerations**

In addition to federal income taxes, unitholders may be subject to other taxes, including state and local income taxes, unincorporated business taxes, and estate, inheritance or intangibles taxes that may be imposed by the various jurisdictions in which we conduct business or own property now or in the future or in which the unitholder is a resident. We currently own property and/or do business in Pennsylvania, New Jersey, Ohio, New York, Massachusetts, Kentucky, New Hampshire, Tennessee, Virginia and Maine, all of which impose a

## [Table of Contents](#)

personal income tax on individuals (except that New Hampshire only imposes a personal income tax on interest, dividends, and gambling winnings). In addition, we may also own property or do business in other states in the future that impose income or similar taxes on nonresident individuals. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on its investment in us.

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

**It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of its investment in us. We strongly recommend that each prospective unitholder consult, and depend on, its own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local, and non-U.S., as well as U.S. federal tax returns that may be required of it. Vinson & Elkins L.L.P. has not rendered an opinion on the state, local, alternative minimum tax or non-U.S. tax consequences of an investment in us.**

## INVESTMENT BY EMPLOYEE BENEFIT PLANS

An investment in our common units or other classes of units representing limited partner interests or debt securities by an employee benefit plan is subject to additional considerations because the investments of these plans are subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and restrictions imposed by Section 4975 of the Code and may also be subject to other provisions under certain federal, state, local, non-U.S., or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, “Similar Laws”). For these purposes, the term “employee benefit plan” includes, but is not limited to, qualified pension, profit-sharing and stock bonus plans, Keogh plans, simplified employee pension plans and tax deferred annuities or IRAs established or maintained by an employer or employee organization, and any entity deemed to hold the assets of such plans. Among other things, consideration should be given to:

- whether the investment is prudent under Section 404(a)(1)(B) of ERISA and any other applicable Similar Laws;
- whether, in making the investment, that plan will satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA and any other applicable Similar Laws;
- whether the investment in our common units or other classes of units will result in recognition of unrelated business taxable income by the plan and, if so, the potential after-tax investment return (please read “Material U.S. Federal Income Tax Consequences—Tax-Exempt Organizations and Other Investors”);
- whether making such an investment will comply with the delegation of control and prohibited transaction provisions of ERISA, the Code, and any other applicable Similar Laws (see discussion below);
- whether the investment is made solely in the interests of the plan participants; and
- whether the investment would create any problems for the plan’s need for liquidity.

The person with investment discretion with respect to the assets of an employee benefit plan, often called a fiduciary, should determine whether an investment in our common units or other classes of units representing limited partner interests or debt securities is authorized by the appropriate governing plan instruments and is a proper investment for the plan. In addition, a fiduciary of an employee benefit plan may not deal with the plan’s assets in his own interest, represent a person whose interests are adverse to the plan’s in a transaction involving plan assets, or receive any consideration from a third party in connection with a transaction involving plan assets. A violation of fiduciary requirements could result in liability for breach of fiduciary duty, disqualification from future fiduciary service, excise taxes, and other adverse consequences to the plan fiduciaries.

Section 406 of ERISA and Section 4975 of the Code prohibit employee benefit plans, and Section 4975 of the Code also prohibits IRAs that are not considered part of an employee benefit plan, from engaging in specified transactions involving “plan assets” with parties that are “parties in interest” under ERISA or that are “disqualified persons” under the Code with respect to the plan unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA, the Code, and other applicable Similar Laws. In addition, the fiduciary of the plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA, the Code, and other applicable Similar Laws.

In addition to considering whether the purchase of our securities is a prohibited transaction, a fiduciary of an employee benefit plan should consider whether the plan will, by investing in us, be deemed to own an undivided interest in our assets, with the result that our operations would be subject to the regulatory restrictions of ERISA, including its prohibited transaction rules, as well as the prohibited transaction rules of the Code or any other applicable Similar Laws.

## [Table of Contents](#)

The Department of Labor regulations provide guidance with respect to whether the assets of an entity in which employee benefit plans acquire equity interests would be deemed “plan assets” under some circumstances. Under these regulations, an entity’s assets would not be considered to be “plan assets” if, among other things:

- the equity interests acquired by employee benefit plans are publicly offered securities—i.e., the equity interests are widely held by 100 or more investors independent of the issuer and each other, freely transferable and registered under some provisions of the federal securities laws;
- the entity is an “operating company,” meaning it is primarily engaged in the production or sale of a product or service other than the investment of capital either directly or through a majority-owned subsidiary or subsidiaries; or
- there is no significant investment by benefit plan investors, which is defined to mean that less than 25% of the value of each class of equity interest, disregarding some interests held by the general partner, its affiliates, and some other persons, is held by the employee benefit plans referred to above, IRAs and other employee benefit plans not subject to ERISA, including governmental plans.

Our assets should not be considered “plan assets” under these regulations because it is expected that the investment will satisfy the requirements in the first bullet. However, although we do not intend for our assets to be deemed “plan assets” under these regulations, we cannot provide assurances regarding this issue to any investor.

The foregoing discussion of issues arising for employee benefit plan investments under ERISA, the Code, and applicable Similar Laws is general in nature and is not intended to be all-inclusive, nor should it be construed as legal advice. In light of the complexity of these rules and the excise taxes, penalties, and liabilities that may be imposed on persons involved in non-exempt prohibited transactions or other violations, plan fiduciaries (or other persons considering purchasing the securities on behalf of, or with the assets of, any employee benefit plan) should consult with their own counsel regarding the consequences under ERISA, the Code and other Similar Laws. Accordingly, by acceptance of our securities, each buyer and subsequent transferee of the securities will be deemed to have represented and warranted that either (A) no portion of the assets used by the buyer or transferee to acquire and hold the securities constitutes assets of any employee benefit plan, or (B) the purchase and holding (and any conversion, if applicable) of the securities by such buyer or transferee will not constitute a non-exempt prohibited transaction under ERISA or the Code or a similar violation of any applicable Similar Laws.

## PLAN OF DISTRIBUTION

We may sell securities described in this prospectus and any accompanying prospectus supplement through underwriters, through broker-dealers, through agents or directly to one or more investors.

We will prepare a prospectus supplement for each offering that will disclose the terms of the offering, including the name or names of any underwriters, dealers or agents, the purchase price of the securities and the proceeds to us from the sale, any underwriting discounts and other items constituting compensation to underwriters, dealers or agents.

We will fix a price or prices of our securities at:

- market prices prevailing at the time of any sale under this registration statement;
- prices related to market prices; or
- negotiated prices.

We may change the price of the securities offered from time to time.

If we use underwriters or dealers in the sale, they will acquire the securities for their own account, and they may resell these securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more of such firms. Unless otherwise disclosed in the prospectus supplement, the obligations of the underwriters to purchase securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of the securities offered by the prospectus supplement if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

We may sell the securities through agents designated by us from time to time. We will name any agent involved in the offering and sale of the securities for which this prospectus is delivered, and disclose any commissions payable by us to the agent or the method by which the commissions can be determined, in the prospectus supplement. Unless otherwise indicated in the prospectus supplement, any agent will be acting on a best efforts basis for the period of its appointment.

Offers to purchase securities may be solicited directly by us and the sale thereof may be made by us directly to institutional investors or others, who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale thereof. The terms of any such sales will be described in the prospectus supplement relating thereto. We may use electronic media, including the Internet, to sell offered securities directly.

We may offer our common units into an existing trading market on the terms described in the prospectus supplement relating thereto. Underwriters, dealers and agents who participate in any at-the-market offerings will be described in the prospectus supplement relating thereto.

We may agree to indemnify underwriters, dealers and agents who participate in the distribution of securities against certain liabilities to which they may become subject in connection with the sale of the securities, including liabilities arising under the Securities Act.

Certain of the underwriters and their affiliates may be customers of, may engage in transactions with and may perform services for us or our affiliates in the ordinary course of business.

A prospectus and accompanying prospectus supplement in electronic form may be made available on the web sites maintained by the underwriters. The underwriters may agree to allocate a number of securities for sale



## [Table of Contents](#)

to their online brokerage account holders. Such allocations of securities for internet distributions will be made on the same basis as other allocations. In addition, securities may be sold by the underwriters to securities dealers who resell securities to online brokerage account holders.

The aggregate maximum compensation the underwriters will receive in connection with the sale of any securities under this prospectus and the registration statement of which it forms a part will not exceed 10% of the gross proceeds from the sale.

Because FINRA views our common units as interests in a direct participation program, any offering of common units under the registration statement of which this prospectus forms a part will be made in compliance with FINRA Rule 2310.

To the extent required, this prospectus may be amended or supplemented from time to time to describe a specific plan of distribution. The place and time of delivery for the securities in respect of which this prospectus is delivered will be set forth in the accompanying prospectus supplement.

In connection with offerings of securities under the registration statement of which this prospectus forms a part and in compliance with applicable law, underwriters, brokers or dealers may engage in transactions that stabilize or maintain the market price of the securities at levels above those that might otherwise prevail in the open market. Specifically, underwriters, brokers or dealers may over-allot in connection with offerings, creating a short position in the securities for their own accounts. For the purpose of covering a syndicate short position or stabilizing the price of the securities, the underwriters, brokers or dealers may place bids for the securities or effect purchases of the securities in the open market. Finally, the underwriters may impose a penalty whereby selling concessions allowed to syndicate members or other brokers or dealers for distribution of the securities in offerings may be reclaimed by the syndicate if the syndicate repurchases previously distributed securities in transactions to cover short positions, in stabilization transactions or otherwise. These activities may stabilize, maintain or otherwise affect the market price of the securities, which may be higher than the price that might otherwise prevail in the open market, and, if commenced, may be discontinued at any time.

## **LEGAL MATTERS**

Vinson & Elkins L.L.P. will pass upon the validity of the securities covered by this prospectus. If certain legal matters in connection with an offering of the securities covered by this prospectus and a related prospectus supplement are passed upon by counsel for the underwriters, if any, of such offering, that counsel will be named in the related prospectus supplement for such offering.

## **EXPERTS**

The audited financial statements and schedule incorporated by reference in this prospectus and elsewhere in the registration statement have been so incorporated by reference in reliance upon the report of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing in giving said report.

The audited financial statements incorporated in this prospectus by reference from Lehigh Gas Partners L.P.'s Current Report on Form 8-K/A dated March 6, 2013, have been audited by Carr, Riggs & Ingram, LLC, independent certified public accountants, as stated in their report, which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.



**4,600,000 Common Units**  
**Representing Limited Partner Interests**

---

**PROSPECTUS SUPPLEMENT**

---

**BofA Merrill Lynch**  
**Barclays**  
**J.P. Morgan**  
**Raymond James**  
**RBC Capital Markets**  
**Baird**  
**Janney Montgomery Scott**  
**Oppenheimer & Co.**  
**Stephens Inc.**

The date of this prospectus supplement is June 16, 2015.

---

---