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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended: December 31, 2018

or

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

For the transition period from _____to _____

Commission File Number: 001-35653

SUNOCO LP

(Exact name of registrant as specified in its charter)

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

8111 Westchester Drive, Suite 400, Dallas, Texas 75225
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(214) 981-0700**

Securities registered pursuant to Section 12(b) of the Act:

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

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

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

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

At June 30, 2018 , the aggregate market value of common units representing limited partner interests held by non-affiliates of the registrant was approximately $1.3 billion based upon the closing price of its common units on the New York Stock Exchange.

The registrant had 82,725,202 common units representing limited partner interests and 16,410,780 Class C units representing limited partner interests outstanding at February 15, 2019 .

Documents Incorporated by Reference: None

SUNOCO LP
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PART I

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements." All statements other than statements of historical fact contained in this report are forward-looking statements, including, without limitation, statements regarding our plans, strategies, prospects and expectations concerning our business, results of operations and financial condition. You can identify many of these statements by looking for words such as "believe," "expect," "intend," "project," "anticipate," "estimate," "continue" or similar words or the negative thereof.

Known material factors that could cause our actual results to differ from those in these forward-looking statements are described below, in "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report.

All forward-looking statements included in this report are based on information available to us on the date of this report. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements.

Item 1. Business

General

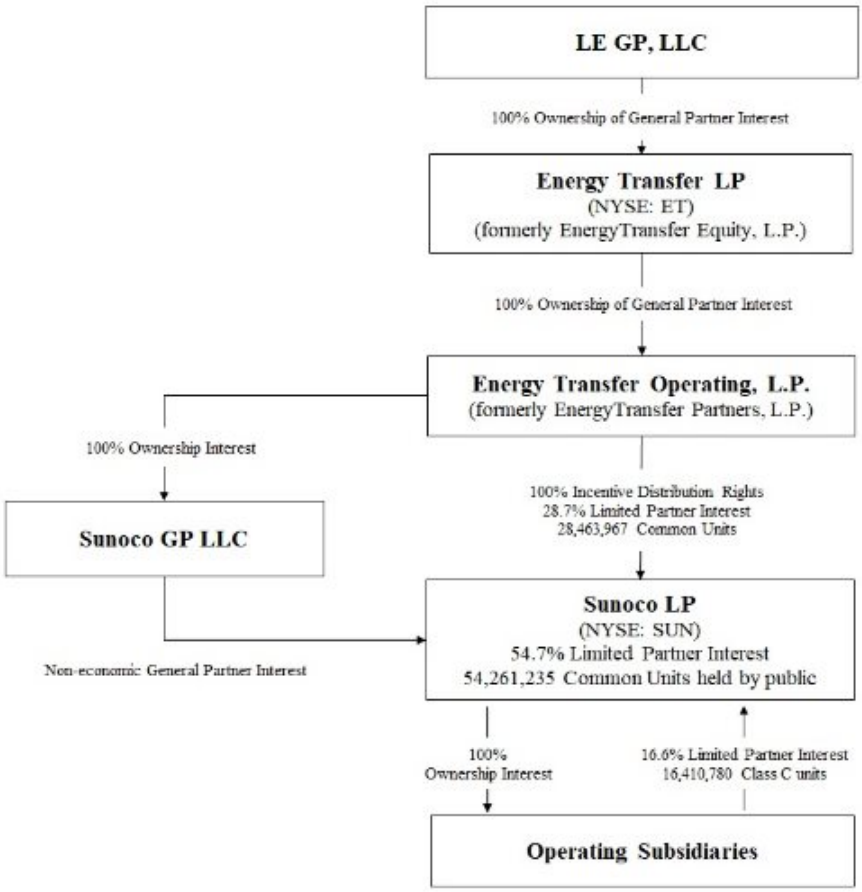
As used in this document, the terms "Partnership," "SUN," "we," "us," or "our" should be understood to refer to Sunoco LP, known prior to October 27, 2014 as Susser Petroleum Partners LP, and our consolidated subsidiaries as applicable and appropriate.

Overview

We are a Delaware master limited partnership. We are managed by our general partner, Sunoco GP LLC (our "General Partner"), which is owned by Energy Transfer Operating, L.P. ("ETO"), a consolidated subsidiary of Energy Transfer LP. In October 2018, Energy Transfer Equity, L.P. ("ETE") and Energy Transfer Partners, L.P. ("ETP") completed the previously announced merger of ETP with a wholly-owned subsidiary of ETE in a unit-for-unit exchange. Following the closing of the merger, ETE changed its name to "Energy Transfer LP" ("ET") and its common units began trading on the New York Stock Exchange under the "ET" ticker symbol on October 19, 2018. In addition, ETP changed its name to "Energy Transfer Operating, L.P."

In connection with the transaction, immediately prior to closing, ETE contributed 2,263,158 of our common units to ETP in exchange for 2,874,275 ETP common units, and contributed 100% of the limited liability company interests in our General Partner and all of our incentive distribution rights to ETP in exchange for 42,812,389 ETP common units.

The following simplified diagram depicts our organizational structure as of February 15, 2019 .



We are engaged in the distribution of motor fuels to independent dealers, distributors, and other commercial customers and the distribution of motor fuels to end customers at retail sites operated by commission agents. Additionally, we receive rental income through the leasing or subleasing of real estate used in the retail distribution of motor fuel. We also operate 75 retail stores located in Hawaii and New Jersey.

During 2018, we completed strategic acquisitions of complementary motor fuel distribution businesses (see “Acquisitions” below). As a result of these and previously completed acquisitions, as of December 31, 2018 , we distribute motor fuels across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the Unites States from Maine to Florida and from Florida to New Mexico, as well as Hawaii. We distributed approximately 7.9 billion gallons of motor fuel during 2018 through our independent dealers, distributors, other commercial customers, retail sites operated by commission agents and retail sites owned and operated by us.

On April 6, 2017, we entered into an Asset Purchase Agreement (the “Asset Purchase Agreement”) with 7-Eleven, Inc., a Texas corporation (“7-Eleven”) and SEI Fuel Services, Inc., a Texas corporation and wholly-owned subsidiary of 7-Eleven (“SEI Fuel” and together with 7-Eleven, referred to herein collectively as “Buyers”). On January 23, 2018, we completed the disposition of certain assets pursuant to an Amended and Restated Asset Purchase Agreement (the “A&R Purchase Agreement”), by and among us, Buyers and certain other named parties for the limited purposes set forth therein, pursuant to which the parties agreed to amend and restate the Asset Purchase Agreement to reflect certain commercial agreements and updates made by the parties in connection with consummation of the transactions contemplated by the Asset Purchase Agreement. Under the A&R Purchase Agreement, we sold a portfolio of 1,030 company-operated retail fuel outlets in 19 geographic regions, together with ancillary businesses and related assets, including the proprietary Laredo Taco Company brand, for approximately $3.2 billion (the “7-Eleven Transaction”).

Operating Segments and Subsidiaries

We operate our business as two segments, fuel distribution and marketing and all other. Our primary operations are conducted by the following consolidated subsidiaries:

- Sunoco, LLC ("Sunoco LLC"), a Delaware limited liability company, primarily distributes motor fuel in 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States. Sunoco LLC also processes transmix and distributes refined product through its terminals in Alabama, Texas, Arkansas and New York.
- Sunoco Retail LLC ("Sunoco Retail"), a Pennsylvania limited liability company, owns and operates retail stores that sell motor fuel and merchandise primarily in New Jersey.
- Aloha Petroleum LLC, a Delaware limited liability company, distributes motor fuel and operates terminal facilities on the Hawaiian Islands.
- Aloha Petroleum, Ltd. ("Aloha"), a Hawaii corporation, owns and operates retail stores on the Hawaiian Islands.

Acquisitions

On January 18, 2019, we acquired certain convenience store locations from Speedway LLC for approximately $5 million plus working capital adjustments. We subsequently converted the acquired convenience store locations to commission agent locations.

On December 20, 2018, we completed the acquisition of the refined products terminalling business from American Midstream Partners, LP (NYSE: AMID) for approximately $127 million inclusive of working capital adjustments. The refined products terminalling business consists of terminals located in Texas and Arkansas with a combined 21 tanks, approximately 1.3 million barrels of storage capacity and approximately 77,500 barrels per day of total throughput capacity.

On December 18, 2018, we completed the acquisition of the wholesale fuel distribution business from Schmitt Sales, Inc. for approximately $46 million inclusive of working capital adjustments. The acquired wholesale fuels business distributes approximately 180 million gallons of fuel annually across a network of dealer and commission agent-operated locations in the Upstate New York and Pennsylvania markets.

On October 16, 2018, we completed the acquisition of BRENCO Marketing Corporation's fuel distribution business for approximately $26 million inclusive of working capital adjustments. The acquired wholesale fuels business distributes approximately 95 million gallons of fuel annually across a network of approximately 160 dealer and commission agent-operated locations and 100 commercial accounts in Central and East Texas.

On August 1, 2018, we completed the acquisition of the equity interests of Sandford Energy, LLC, Sandford Transportation, LLC and their respective subsidiaries for approximately $93 million inclusive of working capital and other adjustments. The acquired wholesale fuels business distributes approximately 115 million gallons of fuel annually to exploration, drilling and oil field services customers, primarily in basins in Central and West Texas and Oklahoma.

On April 25, 2018, we completed the acquisition of wholesale fuel distribution assets and related terminal assets from Superior Plus Energy Services, Inc. for approximately $58 million inclusive of working capital adjustments. The assets consist of a network of approximately 100 dealers, several hundred commercial contracts and three terminals, which are connected to major pipelines serving the Upstate New York market.

On April 2, 2018, we completed the acquisition of 26 retail fuel outlets from 7-Eleven and SEI Fuel for approximately $54 million. We subsequently converted the acquired stations from company-operated sites to commission agent locations.

See Note 3 of the Notes to Consolidated Financial Statements included in "Item 8. Financial Statements and Supplementary Data" for additional information on our acquisitions.

Recent Developments

On January 18, 2019, we announced the execution of a definitive asset purchase agreement with Attis Industries Inc. (NASDAQ: ATIS) ("Attis") for the sale of our ethanol plant, including the grain malting operation, in Fulton, New York. As part of the transaction, we will enter into a 10-year ethanol offtake agreement with Attis. Total consideration for the divestiture is $20 million in cash plus certain working capital adjustments. The transaction is subject to regulatory clearances and customary closing conditions and is expected to close in the first quarter of 2019.

Significant Achievements in 2018

On July 27, 2018, we entered into a new Amended and Restated Credit Agreement among the Partnership, as borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, collateral agent, swingline lender and a line of credit issuer (the "2018 Revolver"). Borrowings under the 2018 Revolver were used to pay off the Partnership's existing revolving credit facility entered into on September 25, 2014 (the "2014 Revolver").

On April 1, 2018, we completed the conversion of 207 retail sites located in certain West Texas, Oklahoma and New Mexico markets to a single commission agent. Under the commission agent model, the Partnership owns, prices and sells fuel at the sites, paying the commission agent a fixed cents-per-gallon commission and receives rental income from the commission agent. The commission agent conducts all operations related to the retail stores and related restaurant locations.

On February 7, 2018, the Partnership repurchased 17,286,859 SUN common units owned by ETP for aggregate cash consideration of approximately $540 million. The repurchase price per common unit was $31.2376, which is equal to the volume weighted average trading price of SUN common units on the New York Stock Exchange for the ten trading days ending on January 23, 2018. We funded the repurchase with cash on hand on February 7, 2018.

On January 25, 2018, the Partnership redeemed all outstanding Series A Preferred Units held by ETE for an aggregate redemption amount of approximately $313 million. The redemption amount includes the original consideration of $300 million and a 1% call premium plus accrued and unpaid quarterly distributions.

On January 23, 2018, we completed a private offering of $2.2 billion of senior notes, comprised of $1.0 billion in aggregate principal amount of 4.875% senior notes due 2023, $800 million in aggregate principal amount of 5.500% senior notes due 2026 and $400 million in aggregate principal amount of 5.875% senior notes due 2028. The Partnership used the proceeds from the private offering, along with proceeds from the 7-Eleven Transaction, to: 1) redeem in full our existing senior notes as of December 31, 2017, comprised of $800 million in aggregate principal amount of 6.250% senior notes due 2021, $600 million in aggregate principal amount of 5.500% senior notes due 2020, and $800 million in aggregate principal amount of 6.375% senior notes due 2023; 2) repay in full and terminate the Term Loan; 3) pay all closing costs in connection with the 7-Eleven Transaction; 4) redeem the outstanding Series A Preferred Units held by ETE for an aggregate redemption amount of approximately $313 million; and 5) repurchase 17,286,859 SUN common units owned by ETP for aggregate cash consideration of approximately $540 million.

On January 23, 2018, we entered into the A&R Purchase Agreement, by and among us, 7-Eleven, SEI Fuel, and certain other named parties for the limited purposes set forth therein, pursuant to which the parties agreed to amend and restate the Asset Purchase Agreement that was entered by the parties on April 6, 2017 to reflect certain commercial agreements and updates made by the parties in connection with consummation of the transactions contemplated by the Asset Purchase Agreement. Under the A&R Purchase Agreement, we agreed to sell a portfolio of 1,030 company-operated retail fuel outlets in 19 geographic regions, together with ancillary businesses and related assets, including the proprietary Laredo Taco Company brand, for approximately $3.2 billion. On January 23, 2018, we completed the disposition of assets pursuant to the A&R Purchase Agreement.

On January 18, 2017, with the assistance of a third-party brokerage firm, we launched a portfolio optimization plan to market and sell 97 real estate assets. Real estate assets included in this process are company-owned locations, undeveloped greenfield sites and other excess real estate. Properties are located in Florida, Louisiana, Massachusetts, Michigan, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas and Virginia. As of December 31, 2018 , of the 97 properties, 51 have been sold, one is under contract to be sold and four continue to be marketed by the third-party brokerage firm. Additionally, 32 were sold to 7-Eleven and nine are part of approximately 207 retail sites located in certain West Texas, Oklahoma, and New Mexico markets which will be operated by a commission agent.

Available Information

Our principal executive offices are located at 8111 Westchester Drive, Suite 400, Dallas, Texas 75225. Our telephone number is (214) 981-0700. Our Internet address is *www.sunocolp.com*. We make available through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission (the "SEC"). Information contained on our website is not part of this report. The SEC maintains an Internet site at *www.sec.gov* that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Our Relationship with Energy Transfer Operating, L.P. and Energy Transfer LP

ETO, a consolidated subsidiary of ET, directly owns our general partner, all of our incentive distribution rights and equity interests in the Partnership. ET, one of the largest publicly traded master limited partnerships in the United States in terms of equity market capitalization, directly owns equity interests in ETO.

ETO, through its wholly owned operating subsidiaries, is engaged primarily in natural gas and natural gas liquids transportation, storage and fractionation services. ETO is also engaged in refined product and crude oil operations including transportation, terminalling services, storage and retail marketing of gasoline and middle distillates through its subsidiaries.

One of our principal strengths is our relationship with ETO and ET. As of February 15, 2019 , ETO owns 100% of the membership interest in our general partner, all of our incentive distribution rights and 34.4% of our common units. Given the significant ownership, we believe ETO and ET will be motivated to promote and support the successful execution of our business strategies. In particular, we believe it will be in the best interest of each of ETO and ET to facilitate organic growth opportunities and accretive acquisitions from third parties, although neither ETO nor ET is under any obligation to do so.

Commercial Agreements with Affiliates

We are party to fee-based commercial agreements with various subsidiaries or affiliates of ETO for pipeline, terminalling and storage services. We also have agreements with subsidiaries of ETO for the purchase and sale of fuel. In addition, we are party to two related party purchase agreements, one with Philadelphia Energy Solutions Refining & Marketing, LLC(“PES”) and one with PES’s product financier Merrill Lynch Commodities; both purchase agreements contain 12 -month terms that automatically renew for consecutive 12 -month terms until either party cancels with notice. ETP Retail Holdings, LLC, a subsidiary of ETO, owns a noncontrolling interest in the parent of PES. Beginning in the third quarter of 2018, PES was no longer considered an affiliate of ETO as ETO was no longer considered to have any significant influence over PES’s management or operations.

For more information regarding the commercial agreements, please read “Item 13. Certain Relationships, Related Transactions and Director Independence.”

Our Business and Operations

Fuel Distribution and Marketing Segment

We are a distributor of motor fuels and other petroleum products which we supply to third-party dealers and distributors, to independent operators of commission agent locations, other commercial consumers of motor fuel and to our retail locations. Also included in the segment are transmix processing plants and refined products terminals. Transmix is the mixture of various refined products (primarily gasoline and diesel) created in the supply chain (primarily in pipelines and terminals) when various products interface with each other. Transmix processing plants separate this mixture and return it to salable products of gasoline and diesel.

We are the exclusive wholesale supplier of the Sunoco-branded motor fuel, supplying an extensive distribution network of 5,293 Sunoco-branded company and third-party operated locations throughout the East Coast, Midwest, South Central and Southeast regions of the United States. We believe we are one of the largest independent motor fuel distributors by gallons in Texas and one of the largest distributors of Chevron, Exxon, and Valero branded motor fuel in the United States. In addition to distributing motor fuels, we also distribute other petroleum products such as propane and lubricating oil, and we receive rental income from real estate that we lease or sublease.

During 2018 , we purchased motor fuel primarily from independent refiners and major oil companies and distributed it across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States, as well as Hawaii to:

- 75 company owned and operated retail stores;
- 554 independently operated commission agent locations where we sell motor fuel to retail customers under commission agent arrangements with such operators;
- 6,741 retail stores operated by independent operators, which we refer to as “dealers” or “distributors,” pursuant to long-term distribution agreements; and
- 2,714 other commercial customers, including unbranded retail stores, other fuel distributors, school districts and municipalities and other industrial customers.

Dealer Incentives

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

Sales to Contracted Third Parties

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

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

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

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

During 2018 , our fuel distribution and marketing business distributed fuel to 554 commission agent locations. Under these arrangements, we generally provide and control motor fuel inventory and price at the site and receive actual retail selling price for each gallon sold, less a commission paid to the independent commission agents.

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

Sales to Other Commercial Customers

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

Fuel Supplier Arrangements

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

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

As is typical in the industry, our suppliers generally can terminate the supply contract if we do not comply with any material condition of the contract, including our failure to make payments when due, fraud, criminal misconduct, bankruptcy or insolvency.

Bulk Fuel Purchases

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

Terminals and Transmix

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

Transportation Logistics

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

Technology

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

All Other Segment

Our All Other segment includes the Partnership's retail operations in Hawaii and New Jersey, credit card services, franchise royalties, and ethanol plant.

For further detail of our segment results refer to "Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements - Note 20 Segment Reporting" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Sale of Regulated Products

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

Real Estate and Lease Arrangements

As of December 31, 2018 , our real estate and lease arrangements are as follows:

	Owned	Leased
Dealer and commission agent sites	622	317
Company-operated retail stores	6	69
Warehouses, offices and other	63	77
Total	691	463

Competition

In the fuel distribution and marketing business, we compete primarily with other independent motor fuel distributors. The markets for distribution of motor fuel and the large and growing retail store industry are highly competitive and fragmented, which results in narrow margins. We have numerous competitors, some of which may have significantly greater resources and name recognition than we do. Significant competitive factors include the availability of major brands, customer service, price, range of services offered and quality of service, among others. We rely on our ability to provide value-added and reliable service and to control our operating costs in order to maintain our margins and competitive position.

In the all other segment, we face strong competition in the market for the sale of retail gasoline and merchandise. Our competitors include service stations of large integrated oil companies, independent gasoline service stations, convenience stores, fast food stores, supermarkets, drugstores, dollar stores, club stores and other similar retail outlets, some of which are well-recognized national or regional retail systems. The number of competitors varies depending on the geographical area. It also varies with gasoline and convenience store offerings. The principal competitive factors affecting our retail marketing operations include gasoline and diesel acquisition costs, site location, product price, selection and quality, site appearance and cleanliness, hours of operation, store safety, customer loyalty and brand recognition. We compete by pricing gasoline competitively, combining our retail gasoline business with convenience stores that provide a wide variety of products, and using advertising and promotional campaigns.

Seasonality

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

Working Capital Requirements

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

Environmental Matters

Environmental Laws and Regulations

We are subject to various federal, state and local environmental laws and regulations, including those relating to underground storage tanks; the release or discharge of hazardous materials into the air, water and soil; the generation, storage, handling, use, transportation and disposal of regulated materials; the exposure of persons to regulated materials; and the remediation of contaminated soil and groundwater.

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

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

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

We believe we are in compliance in all material respects with applicable environmental laws and regulations, and we do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our financial position, results of operations or cash available for distribution to our unitholders. Any future change in regulatory requirements could cause us

to incur significant costs. We incorporate by reference into this section our disclosures included in Note 14 of the Notes to Consolidated Financial Statements included in “Item 8. Financial Statements and Supplementary Data.”

Hazardous Substances and Releases

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

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

Environmental Reserves

We are currently involved in the investigation and remediation of contamination at motor fuel storage and gasoline store sites where releases of regulated substances have been detected. We accrue for anticipated future costs and the related probable state reimbursement amounts for remediation activities. Accordingly, we have recorded estimated undiscounted liabilities for these sites totaling $35 million as of December 31, 2018 . As of December 31, 2018 , we have additional reserves of $54 million that represent our estimate for future asset retirement obligations for underground storage tanks.

Underground Storage Tanks

We are required to make financial expenditures to comply with regulations governing underground storage tanks adopted by federal, state and local regulatory agencies. Pursuant to the Resource Conservation and Recovery Act of 1976, as amended, the Environmental Protection Agency (“EPA”) has established a comprehensive regulatory program for the detection, prevention, investigation and cleanup of leaking underground storage tanks. State or local agencies are often delegated the responsibility for implementing the federal program or developing and implementing equivalent state or local regulations. We have a comprehensive program in place for performing routine tank testing and other compliance activities which are intended to promptly detect and investigate any potential releases. We believe we are in compliance in all material respects with requirements applicable to our underground storage tanks.

Air Emissions

The Federal Clean Air Act (the “Clean Air Act”) and similar state laws impose requirements on emissions to the air from motor fueling activities in certain areas of the country, including those that do not meet state or national ambient air quality standards. These laws may require the installation of vapor recovery systems to control emissions of volatile organic compounds to the air during the motor fueling process. Under the Clean Air Act and comparable state and local laws, permits are typically required to emit regulated air pollutants into the atmosphere. We believe that we currently hold or have applied for all necessary air permits and that we are in substantive compliance with applicable air laws and regulations. Although we can give no assurances, we are aware of no changes to air quality regulations that will have a material adverse effect on our financial condition, results of operations or cash available for distribution to our unitholders.

Various federal, state and local agencies have the authority to prescribe product quality specifications for the motor fuels that we sell, largely in an effort to reduce air pollution. Failure to comply with these regulations can result in substantial penalties. Although we can give no assurances, we believe we are currently in substantive compliance with these regulations.

Efforts at the federal and state level are currently underway to reduce the levels of greenhouse gas (“GHG”) emissions from various sources in the United States. At the federal level, Congress has considered legislation to reduce GHG emissions in the United States. Such federal legislation may impose a carbon emissions tax or establish a cap-and-trade program or regulation by the EPA. Even in the absence of new federal legislation, GHG emissions have begun to be regulated by the EPA pursuant to the Clean Air Act. For example, in April 2010, the EPA set a new emissions standard for motor vehicles to reduce GHG emissions. New federal or state restrictions on emissions of GHGs that may be imposed in areas of the United States in which we conduct business and that apply to our operations could adversely affect the demand for our products. In addition, in May 2016, the EPA issued final standards that would reduce methane emissions from new and modified oil and natural gas production by up to 45% from 2012 levels by 2025. However, in September 2018,

the EPA proposed amendments to the 2016 standards that would reduce fugitive emissions monitoring requirements and expand exceptions to controlling methane emissions from pneumatic pumps, among other changes. Various industry and environmental groups have separately challenged both the 2016 standards and the EPA's attempts to delay their implementation. Moreover, in August 2015, EPA issued final rules outlining the Clean Power Plan ("CPP") which was developed in accordance with President Obama's Climate Action Plan announced the previous year. Under the CPP, carbon pollution from power plants must be reduced over 30% below 2005 levels by 2030. However, the current administration under President Trump announced a plan to replace the CPP with a more business-friendly rule, known as the Affordable Clean Energy rule, in August 2018.

Many studies have discussed the relationship between GHG emissions and climate change. One consequence of climate change noted in many of these reports is the increased severity of extreme weather, such as increased hurricanes and floods. Such events could adversely affect our operations through water damage, powerful winds or increased costs for insurance.

Other Government Regulation

The Petroleum Marketing Practices Act, or "PMPA," is a federal law that governs the relationship between a refiner and a distributor, as well as between a distributor and branded dealer, pursuant to which the refiner or distributor permits a distributor or dealer to use a trademark in connection with the sale or distribution of motor fuel. Under the PMPA, we may not terminate or fail to renew a branded distributor contract unless certain enumerated preconditions or grounds for termination or nonrenewal are met and we also comply with the prescribed notice requirements. Additionally, we are subject to state petroleum franchise laws as well as laws specific to gasoline retailers and dealers, including state laws that regulate our relationships with third parties to whom we lease sites and supply motor fuels.

Employee Safety

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

Store Operations

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

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

Title to Properties, Permits and Licenses

We believe we have all of the assets needed, including leases, permits and licenses, to operate our business in all material respects. With respect to any consents, permits or authorizations that have not been obtained, we believe that the failure to obtain these consents, permits or authorizations will not have a material adverse effect on our financial position, results of operations or cash available for distribution to our unitholders.

We believe we have satisfactory title to all of our assets. Title to property may be subject to encumbrances, including repurchase rights and use, operating and environmental covenants and restrictions, including restrictions on branded motor fuels that may be sold at such sites. We believe that none of these encumbrances will detract materially from the value of our sites or from our interest in these sites, nor will they interfere materially with the use of these sites in the operation of our business. These encumbrances may, however, impact our ability to sell the site to an entity seeking to use the land for alternative purposes.

Our Employees

We are managed and operated by the board of directors and executive officers of our General Partner, which has sole responsibility for providing us with the employees and other personnel necessary to conduct our operations. All of the employees that conduct our business are employed by our General Partner or its affiliates. As of December 31, 2018 , our General Partner and its affiliates had approximately 3,622 employees, 288 of which are represented by labor unions or associations, performing services for our operations, with appropriate costs allocated to us. We believe that we and our General Partner and its affiliates have a satisfactory relationship with employees. Information concerning the executive officers of our General Partner is contained in "Item 10. Directors, Executive Officers and Corporate Governance."

Item 1A. Risk Factors

Risks Related to Our Business

Cash distributions are not guaranteed, and our financial leverage could increase, depending on our performance and other external factors.

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

- demand for motor fuel in the markets we serve, including seasonal fluctuations in demand for motor fuel;
- competition from other companies that sell motor fuel products or have convenience stores in the market areas in which we or our commission agents or dealers operate;
- regulatory action affecting the supply of or demand for motor fuel, our operations, our existing contracts or our operating costs;
- prevailing economic conditions;
- supply, extreme weather and logistics disruptions; and
- volatility of margins for motor fuel.

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

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

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

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

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

Examples of such conditions could include:

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

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

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

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

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

A significant decrease in demand for motor fuel, including increased consumer preference for alternative motor fuels or improvements in fuel efficiency, in the areas we serve would reduce our ability to make distributions to our unitholders.

Sales of refined motor fuels account for approximately 97% of our total revenues and 71% of our continuing operations gross profit. A significant decrease in demand for motor fuel in the areas we serve could significantly reduce our revenues and our ability to make distributions to our unitholders. Our revenues are dependent on various trends, such as trends in commercial truck traffic, travel and tourism in our areas of operation, and these trends can change. Regulatory action, including government imposed fuel efficiency standards, may also affect demand for motor fuel. Because certain of our operating costs and expenses are fixed and do not vary with the volumes of motor fuel we distribute, our costs and expenses might not decrease ratably or at all should we experience such a reduction. As a result, we may experience declines in our profit margin if our fuel distribution volumes decrease.

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

New technologies have been developed and governmental mandates have been implemented to improve fuel efficiency, which may result in decreased demand for petroleum-based fuel. Any of these outcomes could result in fewer visits to our convenience stores or independently operated commission agents and dealer locations, a reduction in demand from our wholesale customers, decreases in both fuel and merchandise sales revenue, or reduced profit margins, any of which could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

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

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

The dangers inherent in the storage and transportation of motor fuel could cause disruptions in our operations and could expose us to potentially significant losses, costs or liabilities.

We store motor fuel in underground and aboveground storage tanks. We transport the majority of our motor fuel in our own trucks, instead of by third-party carriers. Our operations are subject to significant hazards and risks inherent in transporting and storing motor fuel. These hazards and risks include, but are not limited to, traffic accidents, fires, explosions, spills, discharges, and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally-imposed fines or clean-up obligations, personal injury or wrongful death claims, and other damage to our properties and the properties of others. Any such event not covered by our insurance could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

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

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

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

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

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

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

Severe weather could adversely affect our business by damaging our suppliers' or our customers' facilities or communications networks.

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

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

The market for distribution of wholesale motor fuel is highly competitive and fragmented, which results in narrow margins. We have numerous competitors, some of which may have significantly greater resources and name recognition than us. We rely on our ability

to provide value-added, reliable services and to control our operating costs in order to maintain our margins and competitive position. If we fail to maintain the quality of our services, certain of our customers could choose alternative distribution sources and our margins could decrease. While major integrated oil companies have generally continued to divest retail sites and the corresponding wholesale distribution to such sites, such major oil companies could shift from this strategy and decide to distribute their own products in direct competition with us, or large customers could attempt to buy directly from the major oil companies. The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

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

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

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

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

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

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

Any acquisitions involve potential risks, including, amongst others:

- the validity of our assumptions about revenues, capital expenditures and operating costs of the acquired business or assets, as well as assumptions about achieving synergies with our existing business;
- the validity of our assessment of environmental and other liabilities, including legacy liabilities;
- the costs associated with additional debt or equity capital, which may result in a significant increase in our interest expense and financial leverage resulting from any additional debt incurred to finance the acquisition, or the issuance of additional common units on which we will make distributions, either of which could offset the expected accretion to our unitholders from such acquisition and could be exacerbated by volatility in the equity or debt capital markets;
- a failure to realize anticipated benefits, such as increased available cash per unit, enhanced competitive position or new customer relationships;
- a decrease in our liquidity by using a significant portion of our available cash or borrowing capacity to finance the acquisition;

- the incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges; and
- the risk that our existing financial controls, information systems, management resources and human resources will need to grow to support future growth and we may not be able to react timely.

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

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

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

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

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

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

We do not own all of the land on which our retail service stations are located. We have rental agreements for approximately 38.1% of the company, commission agent or dealer operated retail service stations where we currently control the real estate. We also have rental agreements for certain logistics facilities. As such, we are subject to the possibility of increased costs under rental agreements with landowners, primarily through rental increases and renewals of expired agreements. We are also subject to the risk that such agreements may not be renewed. Additionally, certain facilities and equipment (or parts thereof) used by us are leased from third parties for specific periods. Our inability to renew leases or otherwise maintain the right to utilize such facilities and equipment on acceptable terms, or the increased costs to maintain such rights, could have a material adverse effect on our financial condition, results of operations and cash flows.

Our operations are subject to federal, state and local laws and regulations pertaining to environmental protection and operational safety that may require significant expenditures or result in liabilities that could have a material adverse effect on our business.

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

Regulations under the Federal Water Pollution Control Act of 1972 (the "Clean Water Act"), the Oil Pollution Act of 1990 ("OPA 90") and state laws impose regulatory burdens on terminal operations. Spill prevention control and countermeasure requirements of federal and state laws require containment to mitigate or prevent contamination of waters in the event of a refined product overflow, rupture, or leak from above-ground pipelines and storage tanks. The Clean Water Act also requires us to maintain spill prevention control and countermeasure plans at our terminal facilities with above-ground storage tanks and pipelines. In addition, OPA 90 requires that most fuel transport and storage companies maintain and update various oil spill prevention and oil spill contingency plans. Facilities that are adjacent to water require the engagement of Federally Certified Oil Spill Response Organizations ("OSRO"s) to be available to respond to a spill on water from above ground storage tanks or pipelines.

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

Terminal operations and associated facilities are subject to the Clean Air Act as well as comparable state and local statutes. Under these laws, permits may be required before construction can commence on a new source of potentially significant air emissions, and operating permits may be required for sources that are already constructed. If regulations become more stringent, additional emission control technologies may be required at our facilities. Any such future obligation could require us to incur significant additional capital or operating costs.

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

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

We are required to make financial expenditures to comply with regulations governing underground storage tanks as adopted by federal, state and local regulatory agencies. Compliance with existing and future environmental laws regulating underground storage tank systems of the kind we use may require significant capital expenditures. For example, in July 2015, the EPA published rules that amended existing federal underground storage tank rules, requiring certain upgrades to underground storage tanks and related piping to further ensure the detection, prevention, investigation, and remediation of leaks and spills.

The Clean Air Act and similar state laws impose requirements on emissions from motor fueling activities in certain areas of the country, including those that do not meet state or national ambient air quality standards. These laws may require the installation of vapor recovery systems to control emissions of volatile organic compounds during the motor fueling process. While we believe we are in material compliance with all applicable regulatory requirements with respect to underground storage tank systems of the kind we use, regulatory requirements may become more stringent or apply to an increased number of underground storage tanks in the future, which would require additional, potentially material, expenditures.

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

We are responsible for investigating and remediating contamination at a number of our current and former properties. We are entitled to reimbursement for certain of these costs under various third-party contractual indemnities and insurance policies, subject to eligibility requirements, deductibles, per incident, annual and aggregate caps. To the extent third parties (including insurers) do not pay

for investigation and remediation, and/or insurance is not available, we will be obligated to make these additional payments, which could have a material adverse impact on our business, liquidity, results of operations and cash available for distribution to our unitholders.

We believe we are in material compliance with applicable environmental requirements; however, we cannot ensure that violations of these requirements will not occur in the future. Although we have a comprehensive environmental, health, and safety program, we may not have identified all environmental liabilities at all of our current and former locations; material environmental conditions not known to us may exist; existing and future laws, ordinances or regulations may impose material environmental liability or compliance costs on us; or we may be required to make material environmental expenditures for remediation of contamination that has not been discovered at existing locations or locations that we may acquire.

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

We are subject to federal laws related to the Renewable Fuel Standard.

New laws, new interpretations of existing laws, increased governmental enforcement of existing laws or other developments could require us to make additional capital expenditures or incur additional liabilities. For example, certain independent refiners have initiated discussions with the EPA to change the way the Renewable Fuel Standard (RFS) is administered in an attempt to shift the burden of compliance from refiners and importers to blenders and distributors. Under the RFS, which requires an annually increasing amount of biofuels to be blended into the fuels used by U.S. drivers, refiners/importers are obligated to obtain renewable identification numbers ("RINS") either by blending biofuel into gasoline or through purchase in the open market. If the obligation was shifted from the importer/refiner to the blender/distributor, the Partnership would potentially have to utilize the RINS it obtains through its blending activities to satisfy a new obligation and would be unable to sell RINS to other obligated parties, which may cause an impact on the fuel margins associated with the Partnership's sale of gasoline.

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

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

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

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

We are exposed to various litigation claims in the ordinary course of our wholesale business operations, including dealer litigation and industry-wide or class-action claims arising from the products we carry, the equipment or processes we use or employ or industry-specific business practices. If we were to become subject to any such claims, our defense costs and any resulting awards or settlement amounts may not be fully covered by our insurance policies. Additionally, our retail operations are characterized by a high volume of customer traffic and by transactions involving a wide array of product selections. These operations carry a higher exposure to consumer litigation risk when compared to the operations of companies operating in many other industries. Consequently, we are frequently party to individual personal injury, bad fuel, products liability and other legal actions in the ordinary course of our business. While we believe these actions are generally routine in nature, incidental to the operation of our business and immaterial in scope, if our assessment of any action or actions should prove inaccurate our financial condition and results of operations could be adversely affected.

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

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

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

Our continued success depends on our ability to attract and retain qualified personnel in all areas of our business. We compete with other businesses in our market with respect to attracting and retaining qualified employees. A tight labor market, increased overtime

and a higher full-time employee ratio may cause labor costs to increase. A shortage of qualified employees may require us to enhance wage and benefits packages in order to compete effectively in the hiring and retention of such employees or to hire more expensive temporary employees. No assurance can be given that our labor costs will not increase, or that such increases can be recovered through increased prices charged to customers. We are especially vulnerable to labor shortages in oil and gas drilling areas when energy prices drive higher exploration and production activity.

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

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

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

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

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

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

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

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

Cyber attacks are rapidly evolving and becoming increasingly sophisticated. A successful cyber attack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Moreover, a security breach could require that we expend significant additional resources to upgrade further the security measures that we employ to guard against cyber attacks.

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

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

payments terms, including early payment discounts, or availability of trade credit provided by our principal suppliers could impact our liquidity, results of operations and cash available for distribution to our unitholders.

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

We had $3.0 billion of debt outstanding as of December 31, 2018 . We have the ability to incur additional debt under our revolving credit facility and the indentures governing our senior notes. The level of our future indebtedness could have important consequences to us, including:

- making it more difficult for us to satisfy our obligations with respect to our senior notes and our credit agreements governing our revolving credit facility and term loan;
- limiting our ability to borrow additional amounts to fund working capital, capital expenditures, acquisitions, debt service requirements, the execution of our growth strategy and other activities;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay interest on our debt, which would reduce our cash flow available to make distributions to our unitholders and to fund working capital, capital expenditures, acquisitions, execution of our growth strategy and other activities;
- making us more vulnerable to adverse changes in general economic conditions, our industry and government regulations and in our business by limiting our flexibility in planning for, and making it more difficult for us to react quickly to, changing conditions; and
- placing us at a competitive disadvantage compared with our competitors that have less debt.

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

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

Approximately $700 million of our outstanding indebtedness as of December 31, 2018 bears interest at variable interest rates. Should those rates rise, the amount of cash we would otherwise have available for distribution would ordinarily be expected to decline, which could impact our ability to maintain or grow our quarterly distributions. Additionally, an increase in interest rates in lower risk investment alternatives, such as United States treasury securities, could cause investors to demand a relatively higher distribution yield on our common units, which, unless we are able to raise our distribution, would imply a lower trading price for our common units. Consequently, rising interest rates could cause a significant decline in the market value of our common units.

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

We are dependent upon the earnings and cash flow generated by our operations in order to meet our debt service obligations and to allow us to make cash distributions to our unitholders. The operating and financial restrictions and covenants in our credit agreement, the indentures governing our senior notes and any future financing agreements may restrict our ability to finance future operations or capital needs, to engage in or expand our business activities or to pay distributions to our unitholders. For example, our credit agreement and the indentures governing our senior notes restrict our ability to, among other things:

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

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

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

We depend on cash flow generated by our subsidiaries.

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

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

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

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

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

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

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

As of December 31, 2018 , our consolidated balance sheet reflected $1.6 billion of goodwill and $708 million of intangible assets. Goodwill is recorded when the purchase price of a business exceeds the fair value of the tangible and separately measurable intangible net assets. Generally accepted accounting principles ("GAAP") require us to test goodwill and indefinite-lived intangible assets for impairment on an annual basis or when events or circumstances occur, indicating that goodwill or indefinite-lived intangible assets might be impaired. Long-lived assets such as intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If we determine that any of our goodwill or intangible assets were impaired, we would be required to take an immediate charge to earnings with a correlative effect on partners' capital and balance sheet leverage as measured by debt to total capitalization. Impairment charges are allowed to be removed from our debt covenant calculations.

See Note 8 in the accompanying Notes to Consolidated Financial Statements for more information.

Risks Related To Our Structure

ETO owns and controls our general partner, which has sole responsibility for conducting our business and managing our operations. Our general partner and its affiliates, including ETO and ET, have conflicts of interest with us and limited fiduciary duties and they may favor their own interests to the detriment of us and our unitholders.

ETO, owns and controls our general partner and appoints all of the officers and directors of our general partner. Although our general partner has a fiduciary duty to manage us in a manner beneficial to us and our unitholders, the executive officers and directors of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to ETO. Therefore, conflicts of interest may arise between ETO and its affiliates, including our general partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of its affiliates over the interests of our common unitholders. These conflicts include the following situations, among others:

- Our general partner's affiliates, including ETO, ET and its affiliates, are not prohibited from engaging in other business or activities, including those in direct competition with us.
- In addition, neither our partnership agreement nor any other agreement requires ETO to pursue a business strategy that favors us. The affiliates of our general partner have fiduciary duties to make decisions in their own best interests and in the best interest of their owners, which may be contrary to our interests. In addition, our general partner is allowed to take into account the interests of parties other than us or our unitholders, such as ETO, in resolving conflicts of interest, which has the effect of limiting its fiduciary duty to our unitholders.
- Certain officers and directors of our general partner are officers or directors of affiliates of our general partner, and also devote significant time to the business of these entities and are compensated accordingly.
- Affiliates of our general partner, including ETO, are not limited in their ability to compete with us and may offer business opportunities or sell assets to parties other than us.
- Our partnership agreement provides that our general partner may, but is not required to, in connection with its resolution of a conflict of interest, seek "special approval" of such resolution by appointing a conflicts committee of the general partner's board of directors composed of one or more independent directors to consider such conflicts of interest and to either, itself, take action or recommend action to the board of directors, and any resolution of the conflict of interest by the conflicts committee shall be conclusively deemed to be approved by our unitholders.
- Except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval.
- Our general partner determines the amount and timing of asset purchases and sales, borrowings, repayment of indebtedness and issuances of additional partnership securities and the level of reserves, each of which can affect the amount of cash that is distributed to our unitholders.
- Our general partner determines the amount and timing of any capital expenditure and whether a capital expenditure is classified as a maintenance capital expenditure or an expansion capital expenditure. These determinations can affect the amount of cash that is distributed to our unitholders.
- Our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions on the incentive distribution rights.

- Our partnership agreement permits us to distribute up to $25 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions on the incentive distribution rights.
- Our general partner determines which costs incurred by it and its affiliates are reimbursable by us.
- Our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with its affiliates on our behalf. There is no limitation on the amounts our general partner can cause us to pay it or its affiliates.
- Our general partner has limited its liability regarding our contractual and other obligations.
- Our general partner may exercise its right to call and purchase common units if it and its affiliates own more than 80% of the common units.
- Our general partner controls the enforcement of obligations owed to us by it and its affiliates. In addition, our general partner will decide whether to retain separate counsel or others to perform services for us.
- ETO may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to ETO's incentive distribution rights without the approval of the conflicts committee of the board of directors of our general partner or our unitholders. This election may result in lower distributions to our common unitholders in certain situations.

Our general partner has limited its liability regarding our obligations.

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

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

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

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

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

Our partnership agreement requires that we distribute all of our available cash to our unitholders. As such, we rely primarily upon external financing sources, including borrowings under our revolving credit facility and the issuance of debt and equity securities, to fund our acquisitions and expansion capital requirements. To the extent we are unable to finance growth externally, our cash distribution policy may significantly impair our ability to grow.

In addition, because we distribute all of our available cash, our growth rate may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or

increase our per unit distribution level. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to existing common units. The incurrence of bank borrowings or other debt to finance our growth strategy may result in increased interest expense, which, in turn, may impact the available cash that we have to distribute to our unitholders.

Our partnership agreement limits the liability and duties of our general partner and restricts the remedies available to us and our common unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

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

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

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

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

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

ETO may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to its incentive distribution rights, without the approval of the conflicts committee of our general partner's board of directors or the holders of our common units. This could result in lower distributions to holders of our common units.

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

If ETO elects to reset the target distribution levels, it will be entitled to receive a number of common units equal the number of common units which would have entitled their holder to an average aggregate quarterly cash distribution in the prior two quarters equal to the average of the distributions to ETO on the incentive distribution rights in the prior two quarters. We anticipate that ETO would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion. It is possible, however, that ETO could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its incentive distribution rights and may, therefore, desire to be issued common units rather than retain the right to receive incentive distributions based on the initial target distribution levels. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that they would have otherwise received had we not issued new common units to ETO in connection with resetting the target distribution levels.

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

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

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

If our unitholders are dissatisfied with the performance of our general partner, they have limited ability to remove our general partner. Our general partner generally may not be removed except upon the vote of the holders of 66⅔% of our outstanding common units, including units owned by our general partner and its affiliates. As of December 31, 2018 , ETO and its affiliates held approximately 34.4% of our outstanding common units, which constitutes a 28.7% limited partner interest in us.

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

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

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

If at any time our general partner and its affiliates own more than 80% of the common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (1) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (2) the highest per-unit price paid by our general partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There

is no restriction in our partnership agreement that prevents our general partner from issuing additional common units and exercising its call right.

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

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

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

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

As of December 31, 2018 , ETO owned 28,463,967 of our common units. The sale or disposition of a substantial portion of these units in the public or private markets could reduce the market price of our outstanding common units.

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

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

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

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

Unitholders may have liability to repay distributions.

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

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

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

Tax Risks to Common Unitholders

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

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

Despite the fact that we are organized as a limited partnership under Delaware law, we will be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based upon our current operations, we believe we satisfy the qualifying income requirement. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

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

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

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

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

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. For example, from time to time, members of Congress propose and consider substantive changes to the existing federal income tax laws that affect publicly traded partnerships.

Any modification to the federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for federal income tax purposes. We are unable to predict whether any changes or other proposals will ultimately be enacted, including as a result of fundamental tax reform. Any such changes could negatively impact the value of an investment in our common units.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our Unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. To the extent possible under the new rules, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised Schedule K-1 to each unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our Unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current Unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such Unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our Unitholders might be substantially reduced.

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

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

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

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

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

If a unitholder sells its common units, it will recognize a gain or loss equal to the difference between the amount realized and its tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income result in a decrease in its tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the common units it sells will, in effect, become taxable income to the unitholder if it sells such common units at a price greater than its tax basis in those common units, even if the price the unitholder receives is less than its original cost. Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture of depreciation deductions and certain other items. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if a unitholder sells its common units, the unitholder may incur a tax liability in excess of the amount of cash it receives from the sale.

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

Investments in our units by tax-exempt entities, including employee benefit plans and individual retirement accounts (known as IRAs) raise issues unique to them. For example, virtually all of our income allocated to unitholders who are organizations exempt from federal income tax, including IRAs and other retirement plans, will be "unrelated business taxable income" and will be taxable to them. Further, with respect to taxable years beginning after December 31, 2017, a tax-exempt entity with more than one unrelated trade or business (including by attribution from investment in a partnership such as ours that is engaged in one or more unrelated trade or business) is required to compute the unrelated business taxable income of such tax-exempt entity separately with respect to each such trade or business (including for purposes of determining any net operating loss deduction). As a result, for years beginning after December 31, 2017, it may not be possible for tax-exempt entities to utilize losses from an investment in our partnership to offset unrelated business taxable income from another unrelated trade or business and vice versa. Tax-exempt entities should consult a tax advisor before investing in our units.

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

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

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

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

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

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

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

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

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

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our respective assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our respective assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

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

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

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

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

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

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

Our ability to deduct business interest expense will be limited for U.S. federal income tax purposes to an amount equal to our business interest income and 30% of our "adjusted taxable income" during the taxable year computed without regard to any business interest income or expense, and in the case of taxable years beginning before 2022, any deduction allowable for depreciation, amortization, or depletion. Business interest expense that we are not entitled to fully deduct will be allocated to each unitholder as excess business interest and can be carried forward by the unitholder to successive taxable years and used to offset any excess taxable income allocated by us to the unitholder. Any excess business interest expense allocated to a unitholder will reduce the unitholder's tax basis in its partnership interest in the year of the allocation even if the expense does not give rise to a deduction to the unitholder in that year.

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

Non-U.S. persons are generally taxed and subject to U.S. federal income tax filing requirements on income effectively connected with a U.S. trade or business. Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be "effectively connected" with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a non-U.S. unitholder who sells or otherwise disposes of a common unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit.

A U.S. federal income tax withholding obligation of 10% of the amount realized is generally imposed upon a non-U.S. person's sale or exchange of an interest in a partnership that is engaged in a U.S. trade or business. However, application of this withholding rule to dispositions of publicly traded partnership interests has been temporarily suspended by the IRS until regulations or other guidance have been issued. Non-U.S. persons should consult a tax advisor before investing in our common units.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

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

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

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

Part II

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

Our Partnership Interest

As of February 15, 2019 , we had outstanding 82,725,202 common units, 16,410,780 Class C units representing limited partner interests in the Partnership ("Class C Units"), a non-economic general partner interest and incentive distribution rights ("IDRs"). As of February 15, 2019 , ETO directly owned approximately 34.4% of our outstanding common units, which constitutes a 28.7% limited partner ownership interest in us. Our general partner, Sunoco GP LLC, is 100% owned by ETO and owns a non-economic general partner interest in us. ETO also owns all of our IDRs. As discussed below, the IDRs represent the right to receive increasing percentages, up to a maximum of 50%, of the cash we distribute from operating surplus (as defined below) in excess of $0.503125 per unit per quarter. Our common units, which represent limited partner interests in us, are listed on the New York Stock Exchange ("NYSE") under the symbol "SUN." Our common units have been traded on the NYSE since September 20, 2012.

Holders

At the close of business on February 15, 2019 , we had sixteen holders of record of our common units and two holders of record of our Class C units. The number of record holders does not include holders of units in "street names" or persons, partnerships, associations, corporations or other entities identified in security position listings maintained by depositories.

Distributions of Available Cash

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

Definition of Available Cash

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

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

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

Minimum Quarterly Distributions

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

Incentive Distribution Rights

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

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

Series A Preferred Units

On January 25, 2018, the Partnership redeemed all of the previously outstanding Series A Preferred Units held by ETE for an aggregate redemption amount of approximately $313 million. The redemption amount includes the original consideration of $300 million and a 1% call premium plus accrued and unpaid quarterly distributions.

Class C Units

We have outstanding an aggregate of 16,410,780 Class C units ("Class C Units") consisting of (i) 5,242,113 Class C Units held by Aloha, and (ii) 11,168,667 Class C Units held by Sunoco Retail.

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

Equity Compensation Plan

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

Item 6. Selected Financial Data

Selected financial data are presented for continuing operations and discontinued operations for all periods presented. The discontinued operations represent results from assets that were sold under an Amended and Restated Asset Purchase Agreement with 7-Eleven, and the real estate assets included in the portfolio optimization plan.

Financial data set forth below for the year ended December 31, 2014 includes amounts for the period January 1, 2014 to August 31, 2014 (the "Predecessor period") prior to ETP's acquisition of Susser Holdings Corporation (the "ETP Merger"). From September 1, 2014 to December 31, 2014 ("Successor period"), financial data is presented for the Partnership after the ETP Merger and under the application of "push down" accounting that required its assets and liabilities to be adjusted to fair value on August 31, 2014. For the year ended December 31, 2014, we have combined the Predecessor period and the Successor period and presented the unaudited financial data on a combined basis for comparative purposes. This combination does not comply with generally accepted accounting principles, but is presented because we believe it provides the most meaningful comparison of our financial results. The impact from "push down" accounting related to the ETP Merger resulted in a $1.7 billion net change in the fair value of the Partnership's assets and liabilities and a $4 million decrease in depreciation expense, offset by a $4 million increase in amortization expense.

The 2014 results also reflect the results of the Susser, Sunoco LLC, Sunoco Retail, and MACS Retail LLC ("MACS") acquisitions beginning on September 1, 2014, the initial date of common control, since these acquisitions were accounted for as transactions between entities under common control.

The selected financial data should be read in conjunction with the audited consolidated financial statements and related notes thereto and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

	Year Ended December 31,				
	2018	2017	2016	2015	2014 (1)
	(in millions, except per unit data)				
Statement of Income Data:					
Total revenues	$ 16,994	$ 11,723	$ 9,986	$ 12,430	$ 9,579
Operating income	$ 345	$ 229	$ 145	$ 252	$ 37
Income (loss) from continuing operations	$ 58	$ 326	$ 56	$ 156	$ (26)
Net income (loss) from continuing operations per common limited partner unit - basic	$ (0.25)	$ 2.13	$ (0.32)	$ 0.91	$ 1.75
Net income (loss) from continuing operations per common limited partner unit - diluted	$ (0.25)	$ 2.12	$ (0.32)	$ 0.91	$ 1.75
Cash distribution per unit	$ 3.30	$ 3.30	$ 3.29	$ 2.89	$ 2.17

	As of December 31,				
	2018	2017	2016	2015	2014
	(in millions)				
Balance Sheet Data (at period end):					
Total assets	$ 4,879	$ 8,344	$ 8,701	$ 8,842	$ 8,773
Long-term debt, less current maturities	$ 2,980	$ 4,284	$ 4,509	$ 1,953	$ 1,092
Total equity	$ 784	$ 2,247	$ 2,196	$ 5,263	$ 6,008

(1) Reflects combined results of the Predecessor period from January 1, 2014 through August 31, 2014, and the Successor period from September 1, 2014 to December 31, 2014. The impact from "push down" accounting related to the ETP Merger resulted in a $1.7 billion net change in the fair value of the Partnership's assets and liabilities and a $4 million decrease in depreciation expense, offset by a $4 million increase in amortization expense.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and notes to audited consolidated financial statements included elsewhere in this report.

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

Forward-Looking Statements

This report, including without limitation, our discussion and analysis of our financial condition and results of operations, and any information incorporated by reference, contains statements that we believe are "forward-looking statements." These forward-looking statements generally can be identified by use of phrases such as "believe," "plan," "expect," "anticipate," "intend," "forecast" or other similar words or phrases. Descriptions of our objectives, goals, targets, plans, strategies, costs, anticipated capital expenditures, expected cost savings and benefits are also forward-looking statements. These forward-looking statements are based on our current plans and expectations and involve a number of risks and uncertainties that could cause actual results and events to vary materially from the results and events anticipated or implied by such forward-looking statements, including:

- our ability to make, complete and integrate acquisitions from affiliates or third-parties;
- business strategy and operations of Energy Transfer Operating, L.P. and Energy Transfer LP and their respective conflicts of interest with us;
- changes in the price of and demand for the motor fuel that we distribute and our ability to appropriately hedge any motor fuel we hold in inventory;
- our dependence on limited principal suppliers;
- competition in the wholesale motor fuel distribution and retail store industry;

- changing customer preferences for alternate fuel sources or improvement in fuel efficiency;
- changes in our credit rating, as assigned by rating agencies;
- a deterioration in the credit and/or capital market;
- environmental, tax and other federal, state and local laws and regulations;
- the fact that we are not fully insured against all risk incidents to our business;
- dangers inherent in the storage and transportation of motor fuel;
- our ability to manage growth and/or control costs;
- our reliance on senior management, supplier trade credit and information technology; and
- our partnership structure, which may create conflicts of interest between us and Sunoco GP LLC, our general partner ("General Partner"), and its affiliates, and limits the fiduciary duties of our General Partner and its affiliates.

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

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

Overview

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

We are a Delaware master limited partnership primarily engaged in the distribution of motor fuels to independent dealers, distributors, and other customers and the distribution of motor fuels to end customers at retail sites operated by commission agents. In addition, we receive rental income through the leasing or subleasing of real estate used in the retail distribution of motor fuel. We also operate 75 retail stores located in Hawaii and New Jersey.

We are managed by our General Partner. As of December 31, 2018 , Energy Transfer Operating, L.P. ("ETO") owns 100% of the membership interests in our General Partner, all of our incentive distribution rights and approximately 34.4% of our common units, which constitutes a 28.7% limited partner interest in us. In October 2018, Energy Transfer Equity, L.P. ("ETE") and Energy Transfer Partners, L.P. ("ETP") completed the previously announced merger of ETP with a wholly-owned subsidiary of ETE in a unit-for-unit exchange. Following the closing of the merger, ETE changed its name to "Energy Transfer LP" ("ET") and its common units began trading on the New York Stock Exchange under the "ET" ticker symbol on October 19, 2018. In addition, ETP changed its name to "Energy Transfer Operating, L.P."

In connection with the transaction, immediately prior to closing, ETE contributed 2,263,158 of our common units to ETP in exchange for 2,874,275 ETP common units, and contributed 100% of the limited liability company interests in our General Partner and all of our incentive distribution rights to ETP in exchange for 42,812,389 ETP common units. Additional information is provided in Note 1 of our Notes to Consolidated Financial Statements.

In late 2015, we announced plans to open a corporate office in Dallas, Texas. Certain employees have relocated to Dallas from Philadelphia, Pennsylvania, Houston, Texas and Corpus Christi, Texas. The costs incurred in 2016 were $18 million and substantially reflects the total costs for the relocation. We did not incur any material costs related to the relocation during 2017 and 2018.

We believe we are one of the largest independent motor fuel distributors by gallons in the United States and one of the largest distributors of Chevron, Exxon, and Valero branded motor fuel in the United States. In addition to distributing motor fuel, we also distribute other petroleum products such as propane and lubricating oil.

During 2018, we purchased motor fuel primarily from independent refiners and major oil companies and distributed it across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States, as well as Hawaii, to:

- 75 company owned and operated retail stores;

- 554 independently operated commission agent locations where we sell motor fuel to retail customers under commission agent arrangement with such operators;
- 6,741 retail stores operated by independent operators, which we refer to as “dealers” or “distributors,” pursuant to long-term distribution agreements; and
- 2,714 other commercial customers, including unbranded retail stores, other fuel distributors, school districts, municipalities and other industrial customers.

On January 23, 2018, we sold a portfolio of 1,030 company-operated retail fuel outlets in 19 geographic regions to 7-Eleven.

As of December 31, 2018 , we operate 75 retail stores. Our retail stores operate under several brands, including our proprietary brands APlus and Aloha Island Mart, and offer a broad selection of food, beverages, snacks, grocery and non-food merchandise, motor fuels and other services.

Recent Developments

On January 18, 2019, we announced the execution of a definitive asset purchase agreement with Attis Industries Inc. (NASDAQ: ATIS) (“Attis”) for the sale of our ethanol plant, including the grain malting operation, in Fulton, New York. As part of the transaction, we will enter into a 10-year ethanol offtake agreement with Attis. Total consideration for the divestiture is $20 million in cash plus certain working capital adjustments. The transaction is subject to regulatory clearances and customary closing conditions and is expected to close in the first quarter of 2019.

On January 18, 2019, we acquired certain convenience store locations from Speedway LLC for approximately $5 million plus working capital adjustments. We will convert the acquired convenience store locations to wholesale distribution sites.

Significant Achievements in 2018

On December 20, 2018, we completed the acquisition of the refined products terminalling business from American Midstream Partners, LP (NYSE: AMID) for approximately $127 million inclusive of working capital adjustments. The refined products terminalling business consists of terminals located in Texas and Arkansas with a combined 21 tanks, approximately 1.3 million barrels of storage capacity and approximately 77,500 barrels per day of total throughput capacity.

On December 18, 2018, we completed the acquisition of the wholesale fuel distribution business from Schmitt Sales, Inc. for approximately $46 million inclusive of working capital adjustments. The acquired wholesale fuels business distributes approximately 180 million gallons of fuel annually across a network of dealer and commission agent-operated locations in the Upstate New York and Pennsylvania markets.

On October 16, 2018, we completed the acquisition of BRENCO Marketing Corporation’s fuel distribution business for approximately $26 million inclusive working capital adjustments. The acquired wholesale fuels business distributes approximately 95 million gallons of fuel annually across a network of approximately 160 dealer and commission agent-operated locations and 100 commercial accounts in Central and East Texas.

On August 1, 2018, we completed the acquisition of the equity interests of Sandford Energy, LLC, Sandford Transportation, LLC and their respective subsidiaries for approximately $93 million inclusive of working capital and other adjustments. The acquired wholesale fuels business distributes approximately 115 million gallons of fuel annually to exploration, drilling and oil field services customers, primarily in basins in Central and West Texas and Oklahoma.

On July 27, 2018, we entered into a new Amended and Restated Credit Agreement among the Partnership, as borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, collateral agent, swingline lender and a line of credit issuer (the “2018 Revolver”). Borrowings under the 2018 Revolver were used to pay off the Partnership’s existing revolving credit facility entered into on September 25, 2014 (the “2014 Revolver”).

On April 25, 2018, we completed the acquisition of wholesale fuel distribution assets and related terminal assets from Superior Plus Energy Services, Inc. for approximately $58 million inclusive of working capital adjustments. The assets consist of a network of approximately 100 dealers, several hundred commercial contracts and three terminals, which are connected to major pipelines serving the Upstate New York market.

On April 2, 2018, we completed the acquisition of 26 retail fuel outlets from 7-Eleven, Inc., (“7-Eleven”) and SEI Fuel Services, Inc., a wholly-owned subsidiary of 7-Eleven (“SEI Fuel”) for approximately $54 million. We subsequently converted the acquired stations from company-operated sites to commission agent locations.

On April 1, 2018, we completed the conversion of 207 retail sites located in certain West Texas, Oklahoma and New Mexico markets to a single commission agent. Under the commission agent model, the Partnership owns, prices and sells fuel at the sites, paying the commission agent a fixed cents-per-gallon commission and receives rental income from the commission agent. The commission agent conducts all operations related to the retail stores and related restaurant locations.

On February 7, 2018, we repurchased 17,286,859 SUN common units owned by ETP for aggregate cash consideration of approximately $540 million. The repurchase price per common unit was $31.2376, which is equal to the volume weighted average trading price of SUN common units on the New York Stock Exchange for the ten trading days ending on January 23, 2018. We funded the repurchase with cash on hand on February 7, 2018.

On January 25, 2018, we redeemed all outstanding Series A Preferred Units held by ETE for an aggregate redemption amount of approximately $313 million. The redemption amount includes the original consideration of $300 million and a 1% call premium plus accrued and unpaid quarterly distributions.

On January 23, 2018, we completed a private offering of $2.2 billion of senior notes, comprised of $1.0 billion in aggregate principal amount of 4.875% senior notes due 2023, $800 million in aggregate principal amount of 5.500% senior notes due 2026 and $400 million in aggregate principal amount of 5.875% senior notes due 2028. The Partnership used the proceeds from the private offering, along with proceeds from the 7-Eleven Transaction, to: 1) redeem in full our existing senior notes as of December 31, 2017, comprised of $800 million in aggregate principal amount of 6.250% senior notes due 2021, $600 million in aggregate principal amount of 5.500% senior notes due 2020, and $800 million in aggregate principal amount of 6.375% senior notes due 2023; 2) repay in full and terminate the Term Loan; 3) pay all closing costs in connection with the 7-Eleven Transaction; 4) redeem the outstanding Series A Preferred Units held by ETE for an aggregate redemption amount of approximately $313 million; and 5) repurchase 17,286,859 SUN common units owned by ETP for aggregate cash consideration of approximately $540 million.

On January 23, 2018, we entered into certain Amended and Restated Asset Purchase Agreement (the "A&R Purchase Agreement"), by and among us, 7-Eleven, a Texas corporation, and SEI Fuel, a Texas corporation and wholly-owned subsidiary of 7-Eleven, and certain other named parties for the limited purposes set forth therein, pursuant to which the parties agreed to amend and restate the Asset Purchase Agreement that was entered by the parties on April 6, 2017 to reflect certain commercial agreements and updates made by the parties in connection with consummation of the transactions contemplated by the Asset Purchase Agreement. Under the A&R Purchase Agreement, we agreed to sell a portfolio of 1,030 company-operated retail fuel outlets in 19 geographic regions, together with ancillary businesses and related assets, including the proprietary Laredo Taco Company brand, for approximately $3.2 billion. On January 23, 2018, we completed the disposition of assets pursuant to the A&R Purchase Agreement.

On January 18, 2017, with the assistance of a third-party brokerage firm, we launched a portfolio optimization plan to market and sell 97 real estate assets. Real estate assets included in this process are company-owned locations, undeveloped greenfield sites and other excess real estate. Properties are located in Florida, Louisiana, Massachusetts, Michigan, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas and Virginia. As of December 31, 2018 , of the 97 properties, 51 have been sold, one is under contract to be sold and four continue to be marketed by the third-party brokerage firm. Additionally, 32 were sold to 7-Eleven and nine are part of approximately 207 retail sites located in certain West Texas, Oklahoma, and New Mexico markets which will be operated by a commission agent.

The assets under the A&R Purchase Agreement, and the real estate assets subject to the portfolio optimization plan comprise the retail divestment presented as discontinued operations ("Retail Divestment"). See Note 4 to the Consolidated Financial Statements for more information of Retail Divestment.

Market and Industry Trends and Outlook

We expect that certain trends and economic or industry-wide factors will continue to affect our business, both in the short-term and long-term. We base our expectations on information currently available to us and assumptions made by us. To the extent our underlying assumptions about or interpretation of available information prove to be incorrect, our actual results may vary materially from our expected results. Read "Item 1A. Risk Factors" included herein for additional information about the risks associated with purchasing our common units.

Seasonality

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

Key Measures Used to Evaluate and Assess Our Business

Management uses a variety of financial measurements to analyze business performance, including the following key measures:

- *Motor fuel gallons sold* . One of the primary drivers of our business is the total volume of motor fuel sold through our channels. Fuel distribution contracts with our customers generally provide that we distribute motor fuel at a fixed, volume-based profit margin or at an agreed upon level of price support. As a result, gross profit is directly tied to the volume of motor fuel that we distribute.
- *Gross profit per gallon* . Gross profit per gallon is calculated as the gross profit on motor fuel (excluding non-cash inventory adjustments) divided by the number of gallons sold, and is typically expressed as cents per gallon. Our gross profit per gallon varies amongst our third-party relationships and is impacted by the availability of certain discounts and rebates from suppliers. Retail gross profit per gallon is heavily impacted by volatile pricing and intense competition from retail stores, supermarkets, club stores and other retail formats, which varies based on the market.
- *Adjusted EBITDA and Distributable Cash Flow, as adjusted* . Adjusted EBITDA, as used throughout this document, is defined as earnings before net interest expense, income taxes, depreciation, amortization and accretion expense, allocated non-cash compensation expense, unrealized gains and losses on commodity derivatives and inventory adjustments, and certain other operating expenses reflected in net income that we do not believe are indicative of ongoing core operations, such as gain or loss on disposal of assets and non-cash impairment charges. We define Distributable Cash Flow, as adjusted, as Adjusted EBITDA less cash interest expense, including the accrual of interest expense related to our long-term debt which is paid on a semi-annual basis, Series A Preferred distribution, current income tax expense, maintenance capital expenditures and other non-cash adjustments.

  Adjusted EBITDA and Distributable Cash Flow, as adjusted, are not financial measures calculated in accordance with GAAP. For a reconciliation of Adjusted EBITDA and Distributable Cash Flow, as adjusted, to their most directly comparable financial measure calculated and presented in accordance with GAAP, read “Key Operating Metrics” below.

  We believe Adjusted EBITDA and Distributable Cash Flow, as adjusted are useful to investors in evaluating our operating performance because:

  - Adjusted EBITDA is used as a performance measure under our revolving credit facility;
  - securities analysts and other interested parties use such metrics as measures of financial performance, ability to make distributions to our unitholders and debt service capabilities;
  - our management uses them for internal planning purposes, including aspects of our consolidated operating budget, and capital expenditures; and
  - Distributable Cash Flow, as adjusted provides useful information to investors as it is a widely accepted financial indicator used by investors to compare partnership performance, and as it provides investors an enhanced perspective of the operating performance of our assets and the cash our business is generating.

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

  - they do not reflect our total cash expenditures, or future requirements for capital expenditures or contractual commitments;
  - they do not reflect changes in, or cash requirements for, working capital;
  - they do not reflect interest expense or the cash requirements necessary to service interest or principal payments on our revolving credit facility or term loan;
  - although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA do not reflect cash requirements for such replacements; and
  - as not all companies use identical calculations, our presentation of Adjusted EBITDA and Distributable Cash Flow, as adjusted may not be comparable to similarly titled measures of other companies.

Key Operating Metrics

The following information is intended to provide investors with a reasonable basis for assessing our historical operations but should not serve as the only criteria for predicting our future performance.

Key operating metrics set forth below are presented for the years ended December 31, 2018 , 2017 and 2016 , and have been derived from our historical consolidated financial statements.

The following table sets forth, for the periods indicated, information concerning key measures we rely on to gauge our operating performance:

	Year Ended December 31,					
	2018			2017		
	Fuel Distribution and Marketing	All Other	Total	Fuel Distribution and Marketing	All Other	Total
	(dollars and gallons in millions, except gross profit per gallon)					
Revenues:						
Motor fuel sales	$ 15,466	$ 1,038	$ 16,504	$ 9,333	$ 1,577	$ 10,910
Rental income	118	12	130	77	12	89
Other	48	312	360	50	674	724
Total revenues	$ 15,632	$ 1,362	$ 16,994	$ 9,460	$ 2,263	$ 11,723
Gross profit (1):						
Motor fuel	$ 673	$ 123	$ 796	$ 535	$ 157	$ 692
Rental	118	12	130	77	12	89
Other	40	156	196	39	288	327
Total gross profit	$ 831	$ 291	$ 1,122	$ 651	$ 457	$ 1,108
Income (loss) from continuing operations	80	(22)	58	167	159	326
Loss from discontinued operations, net of taxes	—	(265)	(265)	—	(177)	(177)
Net income (loss) and comprehensive income (loss)	$ 80	$ (287)	$ (207)	$ 167	$ (18)	$ 149
Adjusted EBITDA (2)	$ 554	$ 84	$ 638	$ 346	$ 386	$ 732
Distributable Cash Flow, as adjusted (2)			$ 455			$ 473
Operating Data:						
Total motor fuel gallons sold (3)			7,859			7,947
Motor fuel gross profit cents per gallon (3) (4)			11.4¢			15.2¢

(1) Excludes depreciation, amortization and accretion.

(2) We define Adjusted EBITDA and Distributable Cash Flow, as adjusted as described above under “Key Measures Used to Evaluate and Assess Our Business.”

(3) Includes amounts from discontinued operations. The 3.8 cent per gallon decrease was primarily attributable to the divestiture of the majority of company-operated sites.

(4) Includes other non-cash adjustments and excludes the impact of inventory adjustments consistent with the definition of Adjusted EBITDA.

The following table presents a reconciliation of Adjusted EBITDA to net income (loss) and Adjusted EBITDA to Distributable Cash Flow, as adjusted for the years ended December 31, 2018 and 2017 :

	Year Ended December 31,		
	2018	2017	Change
		(in millions)	
Segment Adjusted EBITDA			
Fuel distribution and marketing	$ 554	$ 346	$ 208
All other	84	386	(302)
Total	638	732	(94)
Depreciation, amortization and accretion (1)	(182)	(203)	21
Interest expense, net (1)	(146)	(245)	99
Non-cash compensation expense (1)	(12)	(24)	12
Loss on disposal of assets and impairment charges (1)	(80)	(400)	320
Loss on extinguishment of debt and other (1)	(129)	—	(129)
Unrealized gain (loss) on commodity derivatives (1)	(6)	3	(9)
Inventory adjustments (1)	(84)	28	(112)
Other non-cash adjustments	(14)	—	(14)
Income (loss) before income tax (expense) benefit (1)	(15)	(109)	94
Income tax (expense) benefit (1)	(192)	258	(450)
Net income (loss) and comprehensive income (loss)	$ (207)	$ 149	$ (356)
Adjusted EBITDA	$ 638	$ 732	$ (94)
Cash interest expense (1)	142	231	(89)
Current income tax expense (1)	489	4	485
Transaction-related income taxes (2)	(470)	—	(470)
Maintenance capital expenditures (1)	31	48	(17)
Distributable Cash Flow	446	449	(3)
Transaction-related expenses (1)	11	47	(36)
Series A Preferred distribution	(2)	(23)	21
Distributable Cash Flow, as adjusted	$ 455	$ 473	$ (18)

(1) Includes amounts from discontinued operations.

(2) Transaction-related income taxes primarily related to the 7-Eleven Transaction.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

The following discussion of results for 2018 compared to 2017 compares the operations for the years ended December 31, 2018 and 2017 , respectively.

Segment Adjusted EBITDA . Total segment adjusted EBITDA for 2018 was $638 million , a decrease of $94 million from 2017 . The increase is primarily attributable to the following changes:

- a decrease in the gross profit on motor fuel sales of $294 million, primarily due to a 25.2%, or $0.038, decrease in cents per gallons sold as a result of the change in mix of gallons sold from higher gross profit company-operated fuel sites to supplying lower gross profit fuel distribution and marketing gallons as a result of the divestment of 1,030 company-operated fuel sites to 7-Eleven on January 23, 2018;
- a decrease in other gross profit of $671 million, primarily related to lower merchandise gross profit as a result of the divestment of 1,030 company-operated fuel sites to 7-Eleven on January 23, 2018; offset by
- a decrease in operating costs of $871 million, as a result of the divestment of 1,030 company-operated fuel sites to 7-Eleven on January 23, 2018. These expenses include other operating expense, general and administrative expense and rent expense.

Depreciation, Amortization and Accretion . Depreciation, amortization and accretion was $182 million in 2018 , a decrease of $21 million from 2017 . The decrease is primarily due to the divestment of 1,030 company-operated fuel sites to 7-Eleven on January 23, 2018.

Interest Expense . Interest expense was $146 million in 2018 , a decrease of $99 million from 2017 . The decrease is primarily attributable to the repayment in full of the Term Loan and a reduction in interest rates from the refinancing of our Senior Notes in January 2018.

Non-Cash Compensation Expense . Non-cash compensation expense was $12 million in 2018 , a decrease of $12 million from 2017 . The decrease is primarily attributable to additional grants outstanding during the 2017 and severance accrual for certain employees related to the 7-Eleven transaction recorded in the prior year.

Loss on Disposal of Assets and Impairment Charges . Loss on disposal of assets and impairment charges was $80 million in 2018 , a decrease of $320 million from 2017 . The 2018 amount is primarily attributable to loss on fixed assets driven by the 7-Eleven sale and the $30 million impairment on our contractual rights intangible. The 2017 amount is primarily attributable to goodwill impairments of $387 million related to assets held for sale.

Income Tax Expense/(Benefit) . Income tax expense for 2018 was $192 million , a change of $450 million from 2017 . The change is primarily due to the taxable gain recognized on the sales of assets to 7-Eleven and a reduction in the federal corporate income rate per the "Tax Cuts and Jobs Act" recorded in 2017.

The following table sets forth, for the periods indicated, information concerning key measures we rely on to gauge our operating performance:

	Year Ended December 31,					
	2017			2016		
	Fuel Distribution and Marketing	All Other	Total	Fuel Distribution and Marketing	All Other	Total
	(dollars and gallons in millions, except gross profit per gallon)					
Revenues:						
Motor fuel sales	$ 9,333	$ 1,577	$ 10,910	$ 7,874	$ 1,338	$ 9,212
Rental income	77	12	89	76	12	88
Other	50	674	724	45	641	686
Total revenues	$ 9,460	$ 2,263	$ 11,723	$ 7,995	$ 1,991	$ 9,986
Gross profit (1):						
Motor fuel	$ 535	$ 157	$ 692	$ 596	$ 163	$ 759
Rental	77	12	89	76	12	88
Other	39	288	327	34	275	309
Total gross profit	$ 651	$ 457	$ 1,108	$ 706	$ 450	$ 1,156
Income (loss) from continuing operations	167	159	326	252	(196)	56
Loss from discontinued operations, net of taxes	—	(177)	(177)	—	(462)	(462)
Net income (loss) and comprehensive income (loss)	$ 167	$ (18)	$ 149	$ 252	$ (658)	$ (406)
Adjusted EBITDA (2)	$ 346	$ 386	$ 732	$ 320	$ 345	$ 665
Distributable Cash Flow, as adjusted (2)			$ 473			$ 390
Operating Data:						
Total motor fuel gallons sold (3)			7,947			7,805
Motor fuel gross profit cents per gallon (3) (4)			15.2¢			14.4¢

(1) Excludes depreciation, amortization and accretion.

(2) We define Adjusted EBITDA and Distributable Cash Flow, as adjusted as described above under "Key Measures Used to Evaluate and Assess Our Business."

(3) Includes amounts from discontinued operations.

(4) Excludes the impact of inventory adjustments consistent with the definition of Adjusted EBITDA.

The following table presents a reconciliation of net income to EBITDA, Adjusted EBITDA and distributable cash flow for the years ended December 31, 2017 and 2016 :

	Year Ended December 31,		
	2017	2016	Change
		(in millions)	
Segment Adjusted EBITDA			
Fuel distribution and marketing	$ 346	$ 320	$ 26
All other	386	345	41
Total	732	665	67
Depreciation, amortization and accretion (1)	(203)	(319)	116
Interest expense, net (1)	(245)	(189)	(56)
Non-cash compensation expense (1)	(24)	(13)	(11)
Loss on disposal of assets and impairment charges (1)	(400)	(680)	280
Unrealized gain (loss) on commodity derivatives (1)	3	(5)	8
Inventory adjustments (1)	28	104	(76)
Loss before income tax benefit (1)	(109)	(437)	328
Income tax benefit (1)	258	31	227
Net loss and comprehensive loss	$ 149	$ (406)	$ 555
Adjusted EBITDA	$ 732	$ 665	$ 67
Cash interest expense (1)	231	178	53
Current income tax expense (1)	4	—	4
Maintenance capital expenditures (1)	48	106	(58)
Distributable Cash Flow	449	381	68
Transaction-related expenses (1)	47	9	38
Series A Preferred distribution	(23)	—	(23)
Distributable Cash Flow, as adjusted	$ 473	$ 390	$ 83

(1) Includes amounts from discontinued operations.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

The following discussion of results for 2017 compared to 2016 compares the operations for the years ended December 31, 2017 and 2016 , respectively.

Segment Adjusted EBITDA . Total segment adjusted EBITDA for 2017 was $732 million , an increase of $67 million from 2016 . The increase is primarily attributable to the following changes:

- an increase in the gross profit on motor fuel sales of $83 million, primarily due to a 6.8%, or $0.009, increase in cents per gallons sold and an increase in gallons sold of approximately 143 million;
- an increase in other gross profit of $31 million, primarily related to new store construction and rental income compared to the prior year; offset by
- an increase in operating costs of $47 million, primarily related to transaction costs for 2017 acquisitions and increased operating costs related to new company-operated fuel sites.

Depreciation, Amortization and Accretion . Depreciation, amortization and accretion was $203 million in 2017 , a decrease of $116 million from 2016 . The decrease is primarily due to the cessation of depreciation on assets held for sale.

Interest Expense . Interest expense was $245 million in 2017 , an increase of $56 million from 2016 . The increase is primarily attributable to the borrowings under our Term Loan, the issuance of the 2021 Senior Notes and $800 million 6.375% senior notes due 2023 (the “2023 Senior Notes”) as the notes were issued in 2015, as well as the increase in borrowings under the 2014 Revolver.

Non-Cash Compensation Expense . Non-cash compensation expense was $24 million in 2017 , an increase of $11 million from 2016 . The increase is primarily attributable to additional grants outstanding during 2017 and severance accrual for certain employees related to the 7-Eleven transaction.

Loss on Disposal of Assets and Impairment Charges . Loss on disposal of assets and impairment charges was $400 million in 2017 , a decrease of $280 million from 2016 . Of the 2017 amount, $102 million was related to continuing operations in the retail and Stripes reporting units and the remainder was related to assets held for sale. The 2016 amount is primarily attributable to goodwill impairment testing on our retail reporting units resulting in impairment charges of $641 million.

Income Tax Benefit . Income tax benefit for 2017 was $258 million , an increase of $227 million from 2016 . The change is primarily attributable to the change of the statutory corporate tax rate from 35% to 21%.

Liquidity and Capital Resources

Liquidity

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

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

As of December 31, 2018 , we had $56 million of cash and cash equivalents on hand and borrowing capacity of $792 million under the 2018 Revolver. Based on our current estimates, we expect to utilize capacity under the 2018 Revolver, along with cash from operations, to fund our announced growth capital expenditures and working capital needs for 2019; however, we may issue debt or equity securities prior to that time as we deem prudent to provide liquidity for new capital projects or other partnership purposes.

Cash Flows

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
		(in millions)	
Net cash provided by (used in)			
Operating activities - continuing operations	$ 447	$ 303	$ 466
Investing activities - continuing operations	(469)	(132)	(331)
Financing activities - continuing operations	(2,684)	(339)	2,501
Discontinued operations	2,734	93	(2,585)
Net increase (decrease) in cash	$ 28	$ (75)	$ 51

Cash Flows Provided by Operations - Continuing Operations. Our daily working capital requirements fluctuate within each month, primarily in response to the timing of payments for motor fuels, motor fuels tax and rent. Net cash provided by operations was $447 million and $303 million for 2018 and 2017 , respectively. The increase in cash flows provided by operations was primarily due to an $161 million increase in cash basis net income compared to the prior year, partially offset by, changes in operating assets and liabilities of $17 million .

Cash Flows Used in Investing Activities - Continuing Operations. Net cash used in investing activities was $469 million and $132 million for 2018 and 2017 , respectively, of which $401 million for 2018 was due to acquisitions. Capital expenditures were $103 million and $103 million for 2018 and 2017 , respectively.

Cash Flows Used in Financing Activities - Continuing Operations. Net cash used in financing activities was $2.7 billion and $339 million for 2018 and 2017 , respectively. During year ended December 31, 2018 we:

- issued $2.2 billion of Senior Notes, comprised of $1.0 billion in aggregate principal amount of 4.875% senior notes due 2023, $800 million in aggregate principal amount of 5.500% senior notes due 2026 and $400 million in aggregate principal amount of 5.875% senior notes due 2028;
- borrowed $2.8 billion and repaid $2.9 billion under our 2014 Revolver and 2018 Revolver to fund daily operations;
- redeemed $2.2 billion of our existing senior notes, comprised of $800 million in aggregate principal amount of 6.250% senior notes due 2021, $600 million in aggregate principal amount of 5.500% senior notes due 2020, and $800 million in aggregate principal amount of 6.375% senior notes due 2023;
- repaid the $1.2 billion Term Loan in full and terminated it;
- redeemed the outstanding Series A Preferred Units held by ETE for $300 million and a call premium of $3 million;
- repurchased 17,286,859 SUN common units owned by ETP for aggregate cash consideration of approximately $540 million; and
- paid $383 million in distributions to our unitholders, of which $192 million was paid to ETO and ET collectively.

We intend to pay cash distributions to the holders of our common units and Class C units representing limited partner interests in the Partnership ("Class C Units") on a quarterly basis, to the extent we have sufficient cash from our operations after establishment of cash reserves and payment of fees and expenses, including payments to our General Partner and its affiliates. Class C unitholders receive distributions at a fixed rate equal to $0.8682 per quarter for each Class C Unit outstanding. There is no guarantee that we will pay a distribution on our units. On January 25, 2019, we declared a quarterly distribution totaling $68 million , or $0.8255 per common unit based on the results for the three months ended December 31, 2018 , excluding distributions to Class C unitholders. The distribution was paid on February 14, 2019 to all unitholders of record on February 6, 2019.

Cash Flows Provided by (Used in) Discontinued Operations.

Cash provided by discontinued operations were $2.7 billion and $93 million for 2018 and 2017 , respectively. Cash provided by (used in) discontinued operations for operating activities was $(484) million for 2018 and $136 million for 2017 . Cash provided by (used in) discontinued operations for investing activities was $3.2 billion for 2018 and $(38) million for 2017 , of which $3.2 billion in 2018 was proceeds from 7-Eleven Transaction. The change in cash included in current assets held for sale was $11 million for 2018 and $(5) million for 2017 .

Capital Expenditures

Included in our capital expenditures for 2018 was $31 million in maintenance capital and $72 million in growth capital. Growth capital relates primarily to new store construction and dealer supply contracts.

We currently expect to spend approximately $90 million on growth capital and $45 million on maintenance capital for the full year 2019.

Contractual Obligations and Commitments

Contractual Obligations . We have contractual obligations that are required to be settled in cash. As of December 31, 2018 , we had $700 million borrowed on the 2018 Revolver and $2.2 billion outstanding under our Senior Notes. See Note 10 in the accompanying Notes to Consolidated Financial Statements for more information on our debt transactions. Our contractual obligations as of December 31, 2018 were as follows:

	Payments Due by Years				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(in millions)				
Long-term debt obligations, including current portion (1)	$ 3,008	$ 5	$ 12	$ 1,712	$ 1,279
Interest payments (2)	927	156	311	248	212
Operating lease obligations (3)	412	64	103	69	176
Service concession arrangement (4)	394	15	30	31	318
Total	$ 4,741	$ 240	$ 456	$ 2,060	$ 1,985

(1) Payments include required principal payments on our debt, capital lease obligations and sale leaseback obligations (see Note 10 to our Consolidated Financial Statements). Assumes the balance of the 2018 Revolver, of which the balance at December 31, 2018 was $700 million , remains outstanding until the 2018 Revolver matures in July 2023.

(2) Includes interest on outstanding debt, capital lease obligations and sale leaseback financing obligations. Includes interest on the 2018 Revolver balance as of December 31, 2018 and commitment fees on the unused portion of the facility through July 2023 using rates in effect at December 31, 2018 .

(3) Includes minimum rental commitments under non-cancelable leases.

(4) Includes minimum guaranteed payments under service concession arrangements with New Jersey Turnpike Authority and New York Thruway Authority.

We periodically enter into derivatives, such as futures and options, to manage our fuel price risk on inventory in the distribution system. Fuel hedging positions are not significant to our operations. We had 220 positions, representing 9 million gallons, outstanding at December 31, 2018 with an aggregated unrealized loss of $6 million .

Off-Balance Sheet Arrangements

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

Impact of Inflation

The impact of inflation has minimal impact on our results of operations, as we generally are able to pass along energy cost increases in the form of increased sales prices to our customers. Inflation in energy prices impacts our sales and cost of motor fuel products and working capital requirements. Increased fuel prices may also require us to post additional letters of credit or other collateral if our fuel purchases exceed unsecured credit limits extended to us by our suppliers. Although we believe we have historically been able to pass on increased costs through price increases and maintain adequate liquidity to support any increased collateral requirements, there can be no
assurance that we will be able to do so in the future.

Recent Accounting Pronouncements

See “Item 8. Financial Statements and Supplementary Data - Notes to Consolidated Financial Statements - Note 2. Summary of Significant Accounting Policies” for information on recent accounting pronouncements impacting our business.

Application of Critical Accounting Policies

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

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

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

Business Combinations and Intangible Assets, Including Goodwill and Push Down Accounting . We account for acquisitions using the purchase method of accounting. Accordingly, assets acquired and liabilities assumed are recorded at their estimated fair values at the acquisition date. The excess of purchase price over fair value of net assets acquired, including the amount assigned to identifiable intangible assets, is recorded as goodwill. Given the time it takes to obtain pertinent information to finalize the acquired company’s balance sheet, it may be several quarters before we are able to finalize those initial fair value estimates. Accordingly, it is not uncommon for the initial estimates to be subsequently revised. The results of operations of acquired businesses are included in the consolidated financial statements from the acquisition date.

Acquisitions of entities under common control are accounted for similar to a pooling of interests, in which the acquired assets and assumed liabilities are recognized at their historic carrying values. The results of operations of the affiliated business acquired are reflected in the Partnership’s consolidated results of operations beginning on the date of common control.

Our recorded identifiable intangible assets primarily include the estimated value assigned to certain customer related and contract-based assets. Identifiable intangible assets with finite lives are amortized over their estimated useful lives, which is the period over which the asset is expected to contribute directly or indirectly to our future cash flows. Supply agreements are amortized on a straight-line basis over the remaining terms of the agreements, which generally range from five to fifteen years. Favorable/unfavorable lease arrangements are amortized on a straight-line basis over the remaining lease terms. The determination of the fair market value of the intangible asset and the estimated useful life are based on an analysis of all pertinent factors including (1) the use of widely-accepted valuation approaches, the income approach or the cost approach, (2) the expected use of the asset by us, (3) the expected useful life of related assets, (4) any legal, regulatory or contractual provisions, including renewal or extension periods that would cause substantial costs or modifications to existing agreements, and (5) the effects of obsolescence, demand, competition, and other economic factors. Should any of the underlying assumptions indicate that the value of the intangible assets might be impaired, we may be required to reduce the carrying value and subsequent useful life of the asset. If the underlying assumptions governing the amortization of an intangible asset were later determined to have significantly changed, we may be required to adjust the amortization period of such asset to reflect any new estimate of its useful life. Any write-down of the value or unfavorable change in the useful life of an intangible asset would increase expense at that time.

Customer relations and supply agreements are amortized over a weighted average period of approximately 5 to 20 years. Favorable leasehold arrangements are amortized over an average period of approximately 15 years. Non-competition agreements are amortized over the terms of the respective agreements. Loan origination costs are amortized over the life of the underlying debt as an increase to interest expense.

At December 31, 2018 , we had goodwill recorded in conjunction with past business acquisitions and “push down” accounting totaling $1.6 billion . Under GAAP, goodwill is not amortized. Instead, goodwill is subject to annual reviews on the first day of the fourth fiscal quarter for impairment at a reporting unit level. The reporting unit or units used to evaluate and measure goodwill for impairment are determined primarily from the manner in which the business is managed or operated. A reporting unit is an operating segment or a component that is one level below an operating segment. We have assessed the reporting unit definitions and determined that we have four reporting units that are appropriate for testing goodwill impairment.

Long-lived assets are required to be tested for recoverability whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Goodwill and intangibles with indefinite lives must be tested for impairment annually or more frequently if events or changes in circumstances indicate that the related asset might be impaired. An impairment loss should be recognized only if the carrying amount of the asset/goodwill is not recoverable and exceeds its fair value.

During the fourth quarter of 2018 , we performed the annual impairment tests on our indefinite-lived intangible assets and recognized $30 million of impairment charge on our contractual rights, primarily due to decreases in projected future revenues and cash flows from the date the intangible asset was originally recorded.

During the fourth quarter of 2018 , management performed goodwill impairment testing on its reporting units. No goodwill impairment was identified for the reporting units as a result of these tests. Management does not believe that any of the goodwill balances in its reporting units is currently at risk of impairment; however, of the $1.6 billion of goodwill on the Partnership’s consolidated balance sheet as of December 31, 2018, approximately $0.3 billion is recorded in reporting units for which the estimated fair value exceeded the carrying value by less than 20% in the most recent quantitative test.

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

Income Taxes. As a limited partnership we are generally not subject to state and federal income tax and would therefore not recognize deferred income tax liabilities and assets for the expected future income tax consequences of temporary differences between financial statement carrying amounts and the related income tax basis. We are, however, subject to a statutory requirement that our non-

qualifying income cannot exceed 10% of our total gross income, determined on a calendar year basis under the applicable income tax provisions. If the amount of our non-qualifying income exceeds this statutory limit, we would be taxed as a corporation. Accordingly, certain activities that generate non-qualifying income are conducted through our wholly-owned taxable corporate subsidiary for which we have recognized deferred income tax liabilities and assets. These balances, as well as any income tax expense, are determined through management's estimations, interpretation of tax laws of multiple jurisdictions and tax planning strategies. If our actual results differ from estimated results due to changes in tax laws, our effective tax rate and tax balances could be affected. As such, these estimates may require adjustments in the future as additional facts become known or as circumstances change.

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates based on our financing, investing and cash management activities. We had outstanding borrowings on the 2018 Revolver of $700 million as of December 31, 2018 . The annualized effect of a one percentage point change in floating interest rates on our variable rate debt obligations outstanding at December 31, 2018 would be to change interest expense by approximately $7 million . Our primary exposure relates to:

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

While we cannot predict or manage our ability to refinance existing debt or the impact interest rate movements will have on our existing debt, management evaluates our financial position on an ongoing basis. From time to time, we may enter into interest rate swaps to reduce the impact of changes in interest rates on our floating rate debt. We had no interest rate swaps in effect during the twelve months ended December 31, 2018 and 2017 .

Commodity Price Risk

Aloha has terminals on all four major Hawaiian Islands that hold purchased fuel until it is delivered to customers (typically over a two to three week period). Commodity price risks relating to this inventory are not currently hedged. The terminal inventory balance was $21 million at December 31, 2018 .

Sunoco LLC holds working inventories of refined petroleum products, renewable fuels, and gasoline blendstocks and transmix in storage. As of December 31, 2018 , Sunoco LLC held approximately $301 million of such inventory. While in storage, volatility in the market price of stored motor fuel could adversely impact the price at which we can later sell the motor fuel. However, Sunoco LLC uses futures, forwards and other derivative instruments to hedge a variety of price risks relating to deviations in that inventory from a target base operating level established by management. Derivative instruments utilized consist primarily of exchange-traded futures contracts traded on the NYMEX, CME, and ICE as well as over-the-counter transactions (including swap agreements) entered into with established financial institutions and other credit-approved energy companies. Sunoco LLC's policy is generally to purchase only products for which there is a market and to structure sales contracts so that price fluctuations do not materially affect profit. Sunoco LLC also engages in controlled trading in accordance with specific parameters set forth in a written risk management policy. For the 2018 fiscal year, Sunoco LLC maintained an average eleven day working inventory. While these derivative instruments represent economic hedges, they are not designated as hedges for accounting purposes.

On a consolidated basis, the Partnership had 220 positions representing 9 million gallons with an aggregated unrealized loss of $6 million outstanding at December 31, 2018 .

Item 8. Financial Statements and Supplementary Data

See Index to Consolidated Financial Statements at Part IV, Item 15.

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

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

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

As required by paragraph (b) of Rule 13a-15 under the Exchange Act, our management with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Based on such evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, has concluded, as of December 31, 2018 , that our disclosure controls and procedures were effective at the reasonable assurance level for which they were designed in that the information required to be disclosed by the Partnership in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

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

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

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

Management conducted its evaluation of the effectiveness of internal control over financial reporting as of December 31, 2018 , based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Management's assessment included an evaluation of the design of its internal control over financial reporting and testing the operational effectiveness of its internal control over financial reporting. Management reviewed the results of the assessment with the Audit Committee of the board of directors. Based on its assessment, management determined that, as of December 31, 2018 , it maintained effective internal control over financial reporting.

Grant Thornton LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Partnership included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2018 . The report, which expresses an unqualified opinion on the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2018 , is included in this Item under the heading Report of Independent Registered Public Accounting Firm.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the fourth quarter of fiscal 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Sunoco LP (a Delaware limited partnership) and subsidiaries (the"Partnership") as of December 31, 2018 , based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018 , based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Partnership as of and for the year ended December 31, 2018 , and our report dated February 22, 2019 expressed an unqualified opinion on those financial statements.

Basis for opinion

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

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

Definition and limitations of internal control over financial reporting

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

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

/s/ GRANT THORNTON LLP

Dallas, Texas
February 22, 2019

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Board of Directors

Our general partner, Sunoco GP LLC (our "General Partner"), manages and directs our operations and activities. The membership interests in our General Partner are solely owned by Energy Transfer Operating, L.P. ("ETO"), a wholly owned subsidiary of Energy Transfer LP ("ET"). Prior to October 19, 2018, the membership interests in our General Partner were solely owned by Energy Transfer Partners, L.L.C., a wholly owned subsidiary of ET. As the sole member of our General Partner, ETO is entitled under the limited liability company agreement of our General Partner to appoint all directors of our General Partner. Our General Partner's limited liability company agreement provides that our General Partner's Board of Directors (the "Board") shall consist of between three and twelve persons, at least three of whom are required to qualify as independent directors. As of December 31, 2018 , the Board consisted of seven persons, three of whom qualify as "independent" under the listing standards of the New York Stock Exchange ("NYSE") and our governance guidelines. Our Board has affirmatively determined that the directors who qualify as "independent" under the NYSE's listing standards, SEC rules and our governance guidelines are James W. Bryant, Oscar A. Alvarez and Imad K. Anbouba.

As a limited partnership, we are not required by the rules of the NYSE to seek unitholder approval for the election of any of our directors. We do not have a formal process for identifying director nominees, nor do we have a formal policy regarding consideration of diversity in identifying director nominees. We believe, however, that the individuals appointed as directors have experience, skills and qualifications relevant to our business and have a history of service in senior leadership positions with the qualities and attributes required to provide effective oversight of the Partnership. Our Board met nine times during fiscal year 2018 and each of our current directors, following their appointment, other than Mr. Long, attended at least 75% of those meetings, and 75% of the meetings of any committees on which they served.

The Board's Role in Risk Oversight

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

Committees of the Board of Directors

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

Audit Committee

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

The audit committee assists the Board in its oversight of the integrity of our consolidated financial statements and our compliance with legal and regulatory requirements and partnership policies and controls. The audit committee meets on a regularly-scheduled basis with our independent accountants at least four times each year and is available to meet at their request. Our independent registered public accounting firm has been given unrestricted access to the audit committee and our management, as necessary. The audit committee has the authority and responsibility to review our external financial reporting, to review our procedures for internal auditing and the adequacy

of our internal accounting controls, to consider the qualifications and independence of our independent accountants, to engage and resolve disputes with our independent accountants, including the letter of engagement and statement of fees relating to the scope of the annual audit work and special audit work that may be recommended or required by the independent accountants, and to engage the services of any other advisors and accountants as the audit committee deems advisable. The committee reviews and discusses the audited financial statements with management, discusses with our independent auditors matters and makes recommendations to the Board relating to our audited financial statements. In addition, the audit committee is authorized to recommend to the Board any changes or modifications to its charter that the committee believes may be required. The charter of the audit committee is publicly available on our website at *http://www.sunocolp.com/investor-relations* . The audit committee held four meetings during 2018 .

Compensation Committee

Although we are not required under NYSE rules to appoint a compensation committee because we are a limited partnership, the Board established a compensation committee to establish standards and make recommendations concerning the compensation of our officers and directors. The compensation committee is currently chaired by Mr. Bryant and includes Mr. Anbouba. In addition, the compensation committee determines and establishes the standards for any awards to employees and officers providing services to us under the equity compensation plans adopted by our unitholders, including the performance standards or other restrictions pertaining to the vesting of any such awards. Pursuant to the charter of the compensation committee, a director serving as a member of the compensation committee may not be an officer of or employed by our General Partner, us or our subsidiaries. During 2018 , neither Mr. Bryant nor Mr. Anbouba was an officer or employee of affiliates of ET, or served as an officer of any company with respect to which any of our executive officers served on such company's board of directors. In addition, neither Mr. Bryant nor Mr. Anbouba is a former employee of affiliates of ET. The charter of the compensation committee is publicly available on our website at *http://www.sunocolp.com/investor-relations* . The compensation committee held four meetings during 2018 .

Code of Ethics

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

Corporate Governance Guidelines

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

Meetings of Non-Management Directors and Communications with Directors

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

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

Executive Officers and Directors of our General Partner

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

Name	Age	Position With Our General Partner
Matthew S. Ramsey	63	Chairman of the Board
Joseph Kim	47	President & Chief Executive Officer and Director
Arnold D. Dodderer	51	General Counsel & Assistant Secretary
Karl R. Fails	44	Senior Vice President, Chief Operations Officer
Brian A. Hand	51	Senior Vice President, Chief Development & Marketing Officer
S. Blake Heinemann	65	Senior Vice President, Chief Sales Officer
Thomas R. Miller	58	Chief Financial Officer
Oscar A. Alvarez	63	Director
Imad K. Anbouba	64	Director
James W. Bryant	85	Director
Christopher R. Curia	63	Director and Executive Vice President, Human Resources
Thomas E. Long	62	Director

Matthew S. Ramsey - Chairman of the Board . Mr. Ramsey was appointed as the Chairman of the Board in April 2015, having previously been appointed to the Board in August 2014. Mr. Ramsey is the President and Chief Operating Officer and director of ETO's general partner and has served in that capacity since November 2015. Mr. Ramsey served as President and Chief Operating Officer and Chairman of the board of directors of PennTex Midstream Partners, LP's general partner from November 2016 to July 2017. Mr. Ramsey has served on the Board of Directors of the general partner of ET since July 2012. Mr. Ramsey has served on the board of directors of the general partner of USA Compression Partners, LP since April 2018. Prior to joining ETO in November 2015, Mr. Ramsey served as president of Houston-based RPM Exploration Ltd., a private oil and gas exploration partnership generating and drilling 3-D seismic prospects on the Gulf Coast of Texas. Mr. Ramsey formerly served as a director of RSP Permian, Inc. from January 2014 to July 2018. Mr. Ramsey formerly served as President of DDD Energy, Inc. until its sale in 2002. From 1996 to 2000, Mr. Ramsey served as President and Chief Executive Officer of OEC Compression Corporation, Inc., a publicly traded oil field service company, providing gas compression services to a variety of energy clients. Previously, Mr. Ramsey served as Vice President of Nuevo Energy Company ("Nuevo Energy"), an independent energy company. Additionally, he was employed by Torch Energy Advisors, Inc. ("Torch Energy"), a company providing management and operations services to energy companies, including Nuevo Energy, last serving as Executive Vice President. Mr. Ramsey joined Torch Energy as Vice President of Land and was named Senior Vice President of Land in 1992. Mr. Ramsey holds a B.B.A. in Marketing from the University of Texas at Austin and a J.D. from South Texas College of Law. Mr. Ramsey is a graduate of Harvard Business School Advanced Management Program. Mr. Ramsey is licensed to practice law in the State of Texas. He is qualified to practice in the Western District of Texas and the United States Court of Appeals for the Fifth Circuit. Mr. Ramsey formerly served as a director of Southern Union Company. Mr. Ramsey was appointed to serve on our Board in recognition of his vast knowledge of the energy space and valuable industry, operational and management experience.

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

Arnold D. Dodderer - General Counsel & Assistant Secretary. Mr. Dodderer has served as General Counsel & Assistant Secretary of our General Partner since April 2017, as General Counsel since April 2016 and as General Counsel and Assistant Secretary of our affiliate, Sunoco, Inc. (now known as ETC Sunoco Holdings LLC), since April 2013. Between June 2007 and April 2013, Mr. Dodderer served in various capacities for Sunoco, Inc., including Assistant General Counsel and Chief Compliance Officer. Prior to joining Sunoco, Mr. Dodderer began his legal career in 2000 as an associate at the international law firm of K&L Gates. Mr. Dodderer earned a B.A. from the University of Arkansas and a J.D. from the University of Michigan.

Karl R. Fails - Senior Vice President, Chief Operations Officer. Mr. Fails has served as Senior Vice President, Chief Operations Officer of our General Partner since January 2019. He is responsible for all aspects of the petroleum and renewable fuel supply chain, including supply and trading activities, fuel pricing, product quality, trucking transportation and midstream operations, which includes product terminals and transmix processing facilities. Mr. Fails previously held the position of Senior Vice President, Chief Commercial Officer from February 2018 to January 2019, and Executive Vice President - Supply & Trading from January 2017 to January 2018 and held various other leadership positions during his tenure at the Partnership and Sunoco, Inc. (now known as ETC Sunoco Holdings LLC). Prior to joining Sunoco, Inc. in 2010, Mr. Fails served in various operations and engineering roles in the refining business for both Valero

Energy and Exxon. He holds Bachelor's degrees in Chemical Engineering and Math from Brigham Young University and a Master of Business Administration degree from the University of California, Berkeley.

Brian A. Hand - Senior Vice President, Chief Development & Marketing Officer . Mr. Hand has served as Senior Vice President, Chief Development & Marketing Officer of our General Partner since February 2018. He is responsible for mergers, acquisitions, strategic divestments, all aspects of marketing, integration, electronic payments, procurement and analytics. Mr. Hand previously held the position of Chief Procurement Officer at various Partnership subsidiaries and also held various other leadership positions during his tenure with the Partnership and Sunoco, Inc. (now known as ETC Sunoco Holdings LLC). Prior to joining Sunoco, Inc. in 2010, Mr. Hand served in various leadership positions at Hewlett Packard, Blockbuster, Inc. and Cingular Wireless (now AT&T Mobility). He holds a Bachelor's degree in Accounting and Business Management from Lebanon Valley College and a Master of Business Administration degree from Widener University.

S. Blake Heinemann - Senior Vice President, Chief Sales Officer. Mr. Heinemann has served as Senior Vice President, Chief Sales Officer of our General Partner since February 2018. He is responsible for all branded/unbranded wholesale distribution, dealers, performance products and sales. Mr. Heinemann previously served as Executive Vice President, Operations East from April 2016 to February 2018 and as Executive Vice President, Retail Operations, East from April 2015 to April 2016. He joined Sunoco, Inc. in March 1997 as company operations division manager and has extensive experience in the retail petroleum and convenience store industry. Prior to joining Sunoco, Inc. (now known as ETC Sunoco Holdings LLC), Mr. Heinemann had both line and staff experience at Ultramar Corporation, Amerada Hess Corporation and Mobil Oil Corporation. He holds a B.S. in Business Administration from California State University and an M.B.A. from Loyola Marymount University.

Thomas R. Miller - Chief Financial Officer. Mr. Miller has served as Chief Financial Officer of our General Partner since May 2016. He was formerly the Senior Vice President, Chief Financial Officer and Treasurer of Cleco Corporation and Cleco Power LLC, a position he was appointed to in 2014. Prior to that, Mr. Miller served as Senior Vice President and Chief Financial Officer of Cleco from 2013 to 2014. Mr. Miller joined Cleco Corporation in 2012 as Vice President and Treasurer. Earlier, he served as Senior Vice President and Treasurer of Solar Trust of America from 2010 to 2012 and Vice President of Treasury as Exelon Corporation from 2002 to 2010. Mr. Miller holds a Bachelor of Arts degree from Indiana University and a Master of Business Administration degree from the University of Chicago.

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

Imad K. Anbouba - Director. Mr. Anbouba was appointed to the Board in March 2018. Mr. Anbouba chairs our audit committee and serves on our compensation committee. Mr. Anbouba has been the President and Chief Executive Officer of MarJam Global Holdings, Inc. since 1999 and previously served Triton Energy Limited in senior managerial positions from June 1987 to July 1998. Mr. Anbouba is a petroleum engineer with more than 35 years of experience in the oil and gas midstream and petrochemical industries. Mr. Anbouba has previously served as a member of the board of directors and Chief Executive Officer of Central Energy GP LLC from May 2012 to November 2013. He has also previously served as a member of the board of the Dallas Wildcatters from August 2010 to May 2013 and member of the board and Vice President of the Dallas Petroleum Club from January 1997 to January 2000 and January 1998 to January 1999, respectively. Mr. Anbouba was selected to our Board based on his extensive experience in the energy industry, including his past experiences as an executive with various energy companies.

James W. Bryant - Director . Mr. Bryant was appointed to the Board in April 2015. Mr. Bryant chairs our compensation committee and serves on our audit committee. Mr. Bryant is a chemical engineer and has more than 40 years of experience in all phases of the natural gas business, specifically in the engineering and management of midstream facilities. Mr. Bryant was a founder of, and currently serves as Chief Executive Officer of Producers Midstream LP, a position he has held since October 2016. Mr. Bryant previously served as a director of Regency GP LLC, the general partner of Regency Energy Partners LP, from July 2010 to April 2015 and was Chairman of the Regency board from April 2014 to April 2015. He also served as a partner and member of the board of directors for Cardinal Midstream, LLC from September 2008 until April 2013, and since then formed JWB Cardinal Investments. Prior to that, he was a co-founder of Cardinal Gas Solutions LP and Regency Gas Services, LLC. Mr. Bryant received a bachelor's degree in chemical engineering from Louisiana Tech University. Mr. Bryant was selected to serve as a member of the Board based on his more than 40 years of experience in the energy industry as well as his experience as a director on the boards of other public companies.

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

Thomas E. Long - Director. Mr. Long was appointed to the Board in May 2016. Mr. Long has served as Group Chief Financial Officer of ET's general partner since February 2016. Mr. Long also served as the Chief Financial Officer and as a director of PennTex Midstream Partners, LP's general partner, from November 2016 to July 2017. Mr. Long has served on the board of directors of the general partner of USA Compression Partners, LP since April 2018. Mr. Long previously served as Chief Financial Officer of ETO's general partner since April 2015 and as Executive Vice President and Chief Financial Officer of Regency Energy Partners LP's general partner from November 2010 to April 2015. From May 2008 to November 2010, Mr. Long served as Vice President and Chief Financial Officer of Matrix Service Company. Prior to joining Matrix, he served as Vice President and Chief Financial Officer of DCP Midstream Partners, LP, a publicly traded natural gas and natural gas liquids midstream business company located in Denver, CO. In that position, he was responsible for all financial aspects of the company since its formation in December 2005. From 1998 to 2005, Mr. Long served in several executive positions with subsidiaries of Duke Energy Corp., one of the nation's largest electric power companies. Mr. Long was selected to serve on our Board because of his understanding of energy-related corporate finance gained through his extensive experience in the energy industry.

Section 16(a) Beneficial Ownership Reporting Compliance

Each director and executive officer (and, for a specified period, certain former directors and executive officers) of our General Partner and each holder of more than 10 percent of a class of our equity securities is required to report to the SEC his or her pertinent position or relationship, as well as transactions in those securities, by specified dates. Based solely upon a review of reports on Forms 3 and 4 (including any amendments) furnished to us during our most recent fiscal year and reports on Form 5 (including any amendments) furnished to us with respect to our most recent fiscal year, and written representations from officers and directors of our General Partner that no Form 5 was required, we believe that all filings applicable to our General Partner's officers and directors, and our beneficial owners, required by Section 16(a) of the Exchange Act were filed on a timely basis during 2018 , with the exception of a late filing by each of Messrs. Dodderer and Ramsey.

Reimbursement of Expenses of our General Partner

Our General Partner does not receive any management fee or other compensation for its management of us. Our General Partner is reimbursed for all expenses incurred on our behalf. These expenses include all expenses necessary or appropriate to the conduct of our business and are allocable to us, as provided for in our partnership agreement. There is no cap on the amount that may be paid or reimbursed to our General Partner.

Item 11. Executive Compensation

As is commonly the case for many publicly traded limited partnerships, we do not have officers or directors. Instead, we are managed by the board of directors of our General Partner, and the executive officers of our General Partner perform all of our management functions. As a result, the executive officers of our General Partner are essentially our executive officers. ETO controls our General Partner and ETO owns a significant limited partner interest in us. ETO is controlled by ET. References to “our officers” and “our directors” refer to the officers and directors of our General Partner.

Compensation Discussion and Analysis

Named Executive Officers

This Compensation Discussion and Analysis is focused on the total compensation of the executive officers of our General Partner as set forth below. The executive officers we refer to in this discussion as our “named executive officers,” or “NEOs,” for the 2018 fiscal year are the following officers of our General Partner:

Name	Principal Position
Joseph Kim	President and Chief Executive Officer
Thomas R. Miller	Chief Financial Officer
S. Blake Heinemann	Senior Vice President, Chief Sales Officer (1)
Brian A. Hand	Senior Vice President, Chief Development & Marketing Officer
Karl R. Fails	Senior Vice President, Chief Commercial Officer (2)

(1) Mr. Heinemann will be retiring from the Company effective April 1, 2019.
(2) Effective January 1, 2019, Mr. Fails was appointed Senior Vice President, Chief Operations Officer of our General Partner.

Mr. Heinemann will be retiring from the General Partner on April 1, 2019. In connection with Mr. Heinemann’s retirement, Mr. Heinemann and the Partnership intend to enter into a Separation and Restrictive Covenant Agreement and Full Release of Claims (the “ *Separation Agreement* ”). The Separation Agreement will become effective after execution and the expiration of a seven (7) day revocation period. The Separation Agreement will provide for the following:

- A severance payment to Mr. Heinemann of total gross amount of $294,201.58, less all required government payroll deductions and withholdings, which is an amount equal to forty-four (44) weeks of Mr. Heinemann’s base salary;
- The acceleration and vesting of 38,276 restricted phantom units previously granted under the Sunoco LP 2012 Long-Term Incentive Plan; and
- Payment by the Partnership of the full cost of Mr. Heinemann’s premium for continued health insurance coverage under the Company’s health insurance plan for a period of eight (8) months;

The accelerated vesting of the restricted phantom units require compliance with the 20 month non-compete and non-solicit restrictive covenants contained in the Separation Agreement. In addition, the Partnership retains the right in the event of breach of the restrictive covenants to seek repayment of the units accelerated upon effectiveness of the Separation Agreement.

In 2014, our board of directors established a compensation committee to review and make decisions with respect to the compensation determinations of our officers and directors. However, our compensation committee continues to consult with and receive guidance and input, as appropriate, from ET’s compensation committee, ET’s Chairman of the board of directors, and ET’s Executive Vice President and Chief Human Resources Officer to ensure compensation decisions are undertaken consistent with the compensation philosophy and objectives set by ET.

Compensation Philosophy and Objectives

Our compensation philosophy and objectives are consistent with those set by ET and are based on the premise that a significant portion of each executive's total compensation should be incentive-based or “at-risk” compensation. We also share ET’s philosophy that executives’ total compensation levels should be competitive in the marketplace for executive talent and abilities. Our General Partner seeks a total compensation program for our NEOs that provides for an annual base compensation rate slightly below the median market (i.e., approximately the fortieth percentile of market) but incentive-based compensation composed of a combination of compensation vehicles to reward both short- and long-term performance that are both targeted to pay out at approximately the top-quartile of market for similarly situated retail businesses. Our General Partner believes the incentive-based balance is achieved by (i) the payment of annual

discretionary cash bonuses that consider the achievement of the financial performance objectives for a fiscal year set at the beginning of such fiscal year and the individual contributions of our NEOs to the success of the achievement of the annual financial performance objectives, and (ii) the annual grant of time-based restricted unit and/or restricted phantom unit awards under the LTIP, which awards are intended to provide a long-term incentive and retentive value to our key employees to focus their efforts on increasing the market price of our publicly traded units and to increase the cash distribution we pay to our unitholders.

Our compensation program is structured to achieve the following:

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

Components of Executive Compensation

For the year ended December 31, 2018 , the compensation paid to our named executive officers consisted of the following components:

- annual base salary;
- non-equity incentive plan compensation consisting solely of discretionary cash bonuses;
- time-vested restricted unit and/or restricted phantom unit awards under the equity incentive plan;
- payment of distribution equivalent rights ("DERs") on unvested time-based restricted unit and/or restricted phantom unit awards under our equity incentive plan;
- vesting of previously issued time-based restricted unit and/or restricted phantom unit awards issued pursuant to equity incentive plans of affiliates;
- 401(k) plan employer contributions; and
- severance payments where applicable.

Methodology

Periodically, we engage a third-party consultant to provide the compensation committee of our General Partner with market information for compensation levels at peer companies in order to assist in the determination of compensation levels for executives, including the named executive officers. Most recently, Longnecker & Associates ("Longnecker"), the independent compensation advisor to ET and ETO was engaged to provide targeted market review and benchmarking for the identified members of the senior leadership team, including with respect to the named executive officers after the announcement of the Retail Divestiture, In particular, the review by Longnecker was designed to (i) evaluate the market competitiveness of total compensation levels for certain members of senior management, including our named executive officers; (ii) assist in the determination of appropriate compensation levels for our senior management, including the named executive officers; and (iii) confirm that our compensation programs were yielding compensation packages consistent with our overall compensation philosophy. The Partnership was reviewed by Longnecker through various metrics in order to recognize the Partnership's unique structure, including the facts that (i) the Partnership receives certain shared-service support from ET and ETO; and (ii) in other functions, the Partnership operates as an independent publicly-traded organization. As such, Longnecker reviewed certain of our executive officers, including the named executive officers, in their specific functions to determine the appropriate benchmarking technique. In all circumstances, Longnecker considered our annual revenues and market capitalization levels in its benchmarking. The compensation analysis provided by Longnecker covered all major components of total compensation, including annual base salary, annual short-term cash bonus and long-term incentive awards for our named executive officers as compared to officers of companies similarly situated in terms of structure, annual revenues and market capitalization and made determinations with respect to such officers' level (i.e. as a corporate, officer, subsidiary officer or shared service function) given the unique characteristics of our structure.

The compensation committee utilized the information provided by Longnecker to compare the levels of annual base salary, annual short-term cash bonus and long-term equity incentive awards of our named executive officers with the benchmarking data provided to

ensure that the compensation of our named executive officers is both consistent with our compensation philosophy and competitive with the market. The compensation committee considered and reviewed the results of the study performed by Longnecker to ensure the results indicated that our compensation programs were yielding a competitive total compensation model prioritizing incentive-based compensation and rewarding achievement of short and long-term performance objectives. As part of its study, Longnecker found that the Partnership is achieving its stated objectives with respect to the “at-risk” approach.

For 2018, the compensation committee used the results of the Longnecker compensation analysis, adjusted to account for general inflation and information obtained from other sources, such as 2018 third party survey results, in its determination of compensation levels for our named executive officers although third party survey data is not used by the compensation committee to benchmark the amount of total compensation or any specific element of compensation for the named executive officers.

While, as noted, Longnecker did not provide a full study to the Partnership during 2018, Longnecker did provide (i) advice and feedback on the structure of the Sunoco GP LLC Annual Bonus Plan (the “Bonus Plan”). Additionally, Longnecker considered and provided feedback on the appropriateness, targets and composition of the 2018 equity award pool and the 2018 annual bonus awards under the Bonus Plan and benchmarking on certain non-named executive officers hires and promotions.

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

During the 2018 merit review process in July, the compensation committee approved base salary increases of 3% to each of the named executive officers. Mr. Kim's salary increased to $515,000 from his previous level of $500,000, Mr. Miller's salary increased to $337,840 from his previous level of $328,000, Mr. Heinemann's salary increased to $347,693 from his previous level of $337,566, Mr. Hand's salary increased to $309,000 from his previous level of $300,000, and Mr. Fails' salary increased to $316,725 from his previous level of $307,500.

The 3% increase for the named executive officers discussed above reflects base salary increases consistent with the 3% annual merit increase pool set for all employees of the ETP GP, ET and their affiliates for 2018 by the respective compensation committees.

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

These discretionary bonuses for our named executive officers were previously provided under the Energy Transfer Partners, L.L.C. Annual Bonus Plan. On July 10, 2018, the compensation committee approved and adopted the terms of the Bonus Plan. The Bonus Plan is a discretionary annual cash bonus plan available to all employees, including executive officers. The purpose of the Bonus Plan is to reward employees for contributions towards the Partnership’s business goals and to aid in motivating employees. The Bonus Plan is administered by the compensation committee and the compensation committee has the authority to establish and interpret the rules and regulations relating to the Bonus Plan, to select participants, to determine and approve the size of any actual award amount, to make all determinations, including factual determinations, under the Bonus Plan, and to take all other actions necessary or appropriate for the proper administration of the Bonus Plan.

For each calendar year, or any other period designated by the compensation committee (the “Performance Period”), the compensation committee will evaluate and determine an overall funded cash bonus pool based on achievement of (i) an internal Adjusted EBITDA target (“Adjusted EBITDA Target”), (ii) an internal distributable cash flow target (“DCF Target”) and (iii) performance of each department compared to the applicable departmental budget (“Departmental Budget Target”). The performance criteria are weighted 60% on the achievement of the Adjusted EBITDA Target, 20% on the achievement of the DCF Target and 20% on the achievement of the Departmental Budget Target (collectively “Budget Targets”). The total amount of cash to be allocated to the funded bonus pool will range from 0% to 120% for each of the budgeted DCF Target and Adjusted EBITDA Target and will range from 0% to 100% of the Departmental Budget Target. The maximum funding of the bonus pool is 116% of the total pool target and to achieve such funding each of the Adjusted EBITDA and the DCF Target must achieve 120% funding and the Department Budget target must achieve its 100% target. While the funded bonus pool will reflect an aggregation of performance under each target, in the event performance under the Adjusted EBITDA Target is below 80% of its target, no bonus pool will be funded. If the bonus pool is funded, a participant may earn a cash award for the Performance Period based upon the level of attainment of the Budget Targets and his or her individual performance. Awards are paid in cash as soon as practicable after the end of the Performance Period but in no event later than two and one-half months after the end of the Performance Period.

For 2018, the short-term annual cash bonus pool targets for Messrs. Kim, Miller, Heinemann, Hand and Fails were as follows: for Mr. Kim, 130%; and 100% for Messrs. Miller, Heinemann, Hand and Fails.

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

In February 2019, the compensation committee certified Partnership results to achieve a bonus payout of 114% of the bonus pool, which reflected the achievement of approximately 111.2% of the Adjusted EBITDA Target; 109.7% of the DCF Target and 100% of the Departmental Budget Target in respect of 2018 performance under the Bonus Plan. The cash bonuses approved for Messrs. Kim, Miller, Heinemann, Hand and Fails were $719,000, $365,800, $376,500, $334,600 and $342,900, respectively.

In approving the 2018 bonuses of the named executive officers, the compensation committee took into account the achievement by the Partnership of all of the targeted performance objectives for 2018 and the individual performances of each of the named executive officers. The cash bonuses awarded to each of the named executive officers for 2018 performance were materially consistent with their applicable bonus pool targets.

Long-Term Equity Awards . In 2018, the Board adopted the Sunoco LP 2018 Long-Term Incentive Plan (the “2018 LTIP”). [The 2018 LTIP has not been approved by a majority of SUN unitholders.] Each of the Sunoco LP 2012 Long-Term Incentive Plan (the “2012 LTIP”) and 2018 LTIP (collectively the “LTIPs”) is designed to provide long-term incentive awards in order to promote achievement of our long-term strategic business objectives. The LTIPs are designed to align the economic interests of the named executive officers, key employees and directors with those of our unitholders and to provide an incentive to management for continuous employment with the General Partner and its affiliates. Each of our named executive officers is eligible to participate in the LTIPs. The LTIPs provide us with the flexibility to grant unit options, restricted units, phantom units, unit appreciation rights, cash awards, distribution equivalent rights, substitute awards, and other unit-based awards, or any combination of the foregoing. These awards are intended to align the interests of plan participants (including our NEOs) with those of our unitholders and to give plan participants the opportunity to share in our long-term performance. Since 2014, all awards granted to our named executive officers under an LTIP have consisted of restricted unit and/or restricted phantom unit awards that are subject to vesting over a specified period of time.

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

In December of 2018 , consistent with the Partnership’s compensation methodology, the compensation committee in consultation determined to issue long-term incentive awards in the form of restricted units under the 2018 LTIP to the named executive officers. All of the restricted units granted, including to the named executive officers, provided for the vesting of 60 percent of the units at the end of the third year from the date of the grant and the vesting of the remaining 40 percent of the units at the end of the fifth year, subject to continued employment of the named executive officers through each specified vesting date. These restricted unit awards entitle the grantee of the unit awards to receive, with respect to each Partnership common unit subject to such restricted unit award that has not either vested or been forfeited, a DER cash payment promptly following each such distribution by us to our unitholders. In approving the grant of such unit awards, the compensation committee took into account a number of performance factors as well as the long-term objective of retaining such individuals as key drivers of the Partnership’s future success, the existing level of equity ownership of such individuals and the previous awards to such individuals of equity awards subject to vesting.

In December 2018, the compensation committee granted restricted units awards to Messrs. Kim, Miller, Heinemann, Hand and Fails of 73,000 units, 20,000 units, 22,000 units, 23,500 units and 26,000 units, respectively under the 2018 LTIP. In approving the grant of such restricted unit awards, the compensation committee considered several factors, including the long-term objective of retaining such individuals as key drivers of the Partnership’s future success, the existing level of equity ownership of such individuals and the previous awards to such individuals of equity awards subject to vesting. Vesting of the 2018 awards would accelerate in the event of the death or disability of the named executive officer or in the event of a change in control of the partnership as that term is defined under the 2018 LTIP.

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

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

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

Sunoco GP LLC 401(k) Plan . Effective January 1, 2015, Sunoco GP LLC adopted a new 401(k) benefit plan ("Sunoco GP LLC 401(k)") for the benefit of corporate services employees, including our NEOs, who provide services on our behalf. Under the terms of the 401(k) plan, employees can contribute up to 75% of their wages, subject to IRS limitations, which, for 2018 was $18,500 on maximum compensation of $275,000. Under the terms of the Sunoco GP LLC 401(k), the Partnership provides a matching contribution equal to 50% on the first 10% of each participant's elective salary deferrals. Participants age 50 or over at any time in 2018 could elect to make a catch-up contribution of up to $6,000. Catch-up contributions are not eligible for a matching contribution from the Partnership. The amounts deferred by the participant are fully vested at all times, and the amounts contributed by the Partnership become vested based on years of service. We provide this benefit as a means to incentivize employees and provide them with an opportunity to save for their retirement. Effective December 31, 2018, the Sunoco GP LLC 401(k) was merged into the Energy Transfer Partners GP, L.P. 401(k) Plan (the "ETP 401(k) Plan").

Sunoco GP LLC Severance Plan. In addition, Sunoco GP LLC has also adopted the SUN Severance Plan, which provides for payment of certain severance benefits in the event of Qualifying Termination (as that term is defined in the SUN Severance Plan). In general, the Severance Plan provides payment of one (1) week of annual base salary for each year or partial year of employment service, up to a maximum of fifty-two weeks or one year of annual base salary (with a minimum of eight weeks of annual base salary) and up to three months of continued group health insurance coverage. The SUN Severance Plan also provides that additional benefits in addition to those provided under the Severance Plan may be paid based on special circumstances, which additional benefits shall be unique and non-precedent setting. The Severance Plan is available to all salaried employees on a nondiscriminatory basis; therefore, amounts that would be payable to the named executive officers upon a Qualified Termination have been excluded from "Compensation Tables - Potential Payments Upon a Termination or Change of Control" below. In addition with respect to the Retail Divestiture, specific benefits were adopted for non-store employees not offered employment with 7-Eleven and terminated by us in connection with the Retail Divestiture under SUN Severance Plan.

The benefit levels are summarized below:

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

In addition, for employees terminated in connection with the Retail Divestiture (and not continuing employment with 7-Eleven) the compensation committee approved certain accelerated vesting of awards long-term incentive awards under the LTIP as follows:

Employee Level	Accelerated Vesting of Outstanding LTIP Awards
Senior Manager or below	30% of the unvested outstanding LTIP awards
Director or Senior Director	40% of the unvested outstanding LTIP awards
Vice President and above	50% of the unvested outstanding LTIP awards

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

The Sunoco, Inc. Pension Restoration Plan . The Sunoco, Inc. Pension Restoration Plan is a non-qualified plan that provides for certain retirement benefits that otherwise would be provided under the SCIRP, except for the IRS limits. Effective June 30, 2010, Sunoco Inc. froze pension benefits (including accrued and vested benefits) payable under this plan for all salaried employees including our NEOs who participate in this plan (Mr. Heinemann).

ET Non-Qualified Deferred Compensation Plan (the "ET NQDC Plan") is a deferred compensation plan, which permits eligible highly compensated employees to defer a portion of their salary, bonus and/or quarterly non-vested restricted unit and/or restricted phantom unit distribution equivalent income until retirement, termination of employment or other designated distribution event. Each

year under the ET NQDC Plan, eligible employees are permitted to make an irrevocable election to defer up to 50 percent of their annual base salary, 50 percent of their quarterly non-vested restricted unit and/or restricted phantom unit distribution income, and/or 50 percent of their discretionary performance bonus compensation during the following year. Pursuant to the ET NQDC Plan, ET may make annual discretionary matching contributions to participants' accounts; however, ET has not made any discretionary contributions to participants' accounts and currently has no plans to make any discretionary contributions to participants' accounts. All amounts credited under the ET NQDC Plan (other than discretionary credits) are immediately 100% vested. Participant accounts are credited with deemed earnings or losses based on hypothetical investment fund choices made by the participants among available funds.

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

Risk Assessment Related to Our Compensation Structure

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

Accounting and Tax Considerations

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

Compensation Committee Interlocks and Insider Participation

Messrs. Anbouba and Bryant are the only members of the compensation committee. During 2018 , neither Mr. Anbouba nor Mr. Bryant was an officer or employee of affiliates of ET or ETO, or served as an officer of any company with respect to which any of our executive officers served on such company's board of directors. In addition, neither Mr. Anbouba nor Bryant is a former employee of affiliates of ET or ETO.

Compensation Committee Report

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

Compensation Committee

James W. Bryant (Chairman)
Imad K. Anbouba

The foregoing report shall not be deemed to be incorporated by reference by any general statement or reference to this Annual Report on Form 10-K into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended,

except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under those Acts.

Summary Compensation Table

Name and Principal Position	Year	Salary ($) (1)	Bonus ($)	Unit Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (4)	Total ($)
Joseph Kim	2018	$ 502,772	$ —	$ 1,964,430	$ 719,000	$ —	$ 15,541	$ 3,201,743
President and Chief Executive Officer	2017	386,913	—	897,278	406,259	—	9,884	1,700,334
	2016	378,462	—	607,425	272,492	—	3,797	1,262,176
Thomas R. Miller	2018	332,542	—	538,200	365,800	—	17,066	1,253,608
Chief Financial Officer and Treasurer	2017	323,692	—	524,475	323,692	—	9,430	1,181,289
	2016	196,923	—	1,021,650	230,400	—	22,208	1,471,181
S. Blake Heinemann	2018	342,240	—	592,020	376,500	—	15,989	1,326,749
Senior Vice President — Chief Sales Officer	2017	333,132	—	524,475	333,132	—	12,294	1,203,033
	2016	325,855	—	534,000	234,616	—	12,182	1,106,653
Karl R. Fails	2018	311,758	—	699,660	342,900	(28,110)	16,252	1,342,460
Senior Vice President — Chief Commercial Officer								
Brian A. Hand	2018	304,154	—	632,385	334,600	(6,552)	14,764	1,279,351
Senior Vice President — Chief Development & Marketing Officer								

(1) For comparative purposes, the above table provides a summary of the total compensation for each NEO for each of 2016, 2017 and 2018. In accordance with the terms of our partnership agreement, we reimburse our General Partner and its affiliates for compensation related expenses attributable to the portion of the named executive officer's time dedicated to providing services to us. For the periods presented, amounts reported herein reflect (i) 100% of the cash compensation expense associated with the NEO's services and (iii) 100% grant date value of phantom unit awards associated with the services performed by each of the NEOs and directors. Cash compensation expenses for each NEO were allocated on the basis of total cash compensation earned by the NEO during the period.

(2) The amounts reported for unit awards represent the full grant date fair value of restricted units and/or restricted phantom units granted to each of our NEOs, calculated in accordance with the accounting guidance on share-based payments.

(3) Sunoco LP maintains the Bonus Plan which provides for discretionary basis. Award of discretionary bonuses are tied to achievement of targeted performance objectives and described in the Compensation Discussion and Analysis.

(4) The amounts reflected for 2018 in this column include (i) 401(k) Plan matching contributions made on behalf of the named executive officers of $12,292 for Mr. Kim, $9,412 for Mr. Heinemann, $11,642 for Mr. Hand and $13,750 each for Messrs. Miller and Fails, (ii) health savings account contributions made on behalf of the named executive officers of $2,000 each for Messrs. Kim, Fails and Hand and $1,000 each for Messrs. Miller and Heinemann, and (iii) the dollar value of life insurance premiums paid for the benefit of the named executive officers of $1,249 for Mr. Kim, $2,316 for Mr. Miller, $5,577 for Mr. Heinemann, $502 for Mr. Fails and $1,122 for Mr. Hand. The amounts reflected for all periods exclude distribution payments in connection with distribution equivalent rights on unvested unit awards, because the dollar value of such distributions are factored into the grant date fair value reported in the "Unit Awards" column of the Summary Compensation Table at the time that the unit awards and distribution equivalent rights were originally granted. For 2018, distribution payments in connection with distribution equivalent rights totaled $262,740 for Mr. Kim, $175,006 for Mr. Miller, $228,645 for Mr. Heinemann, $189,940 for Mr. Fails and $149,322 for Mr. Hand.

Grants of Plan-Based Awards
For Fiscal Year Ended December 31, 2018

The table below reflects awards granted to our NEOs under the LTIP during 2018 .

Name	Grant Date	Type of Award (1)	All Other Stock Awards: Number of Shares of Stock (#) (1)	Grant Date Fair Value of Stock Awards ($) (1)
Joseph Kim	12/19/2018	Restricted units	73,000	$ 1,964,430
Thomas R. Miller	12/19/2018	Restricted units	20,000	538,200
S. Blake Heinemann	12/19/2018	Restricted units	22,000	592,020
Karl R. Fails	12/19/2018	Restricted units	26,000	699,660
Brian A. Hand	12/19/2018	Restricted units	23,500	632,385

(1) The restricted units granted in December 2018 vest 60% in December 2021 and 40% in December 2023. The reported grant date fair value of stock awards was determined in compliance with FASB ASC Topic 718 and are more fully described in Note 18–Unit-Based Compensation in our Notes to Consolidated Financial Statements in “Item 8. Financial Statements and Supplementary Data.”

Outstanding Equity Awards at December 31, 2018

The following table reflects NEO equity awards granted under the LTIP Plan that were outstanding at December 31, 2018 .

	Unit Awards (1)				
Name	Grant Date (1)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested ($) (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Joseph Kim	12/19/2018	73,000	$ 1,984,870	—	$ —
	12/21/2017	31,650	860,564	—	—
	12/29/2016	22,750	618,573	—	—
	12/16/2015	6,868	186,741	—	—
	10/26/2015	8,000	217,520	—	—
Thomas R. Miller	12/19/2018	20,000	543,800	—	—
	12/21/2017	18,500	503,015	—	—
	12/29/2016	19,500	530,205	—	—
	5/26/2016	6,000	163,140	—	—
S. Blake Heinemann	12/19/2018	22,000	598,180	—	—
	12/21/2017	18,500	503,015	—	—
	12/29/2016	20,000	543,800	—	—
	12/16/2015	5,912	160,747	—	—
	1/26/2015	3,312	90,053	—	—
	11/10/2014	10,000	271,900	—	—
Karl R. Fails	12/19/2018	26,000	706,940	—	—
	12/21/2017	20,500	557,395	—	—
	12/29/2016	18,000	489,420	—	—
	12/16/2015	3,640	98,972	—	—
	1/26/2015	3,028	82,331	—	—
	11/10/2014	5,000	135,950	—	—
Brian A. Hand	12/19/2018	23,500	638,965	—	—
	12/21/2017	18,000	489,420	—	—
	12/29/2016	12,750	346,673	—	—
	12/16/2015	3,328	90,488	—	—
	1/26/2015	1,636	44,483	—	—
	11/10/2014	3,000	81,570	—	—

(1) Common unit awards outstanding vest as follows:

- at a rate of 60% in December 2021 and 40% in December 2023 for awards granted in December 2018;
- at a rate of 60% in December 2020 and 40% in December 2022 for awards granted in December 2017;
- at a rate of 60% in December 2019 and 40% in December 2021 for awards granted in December 2016;
- 100% in December 2020 for awards granted in May 2016 and December 2015; and
- 100% in December 2019 for all other awards.

(2) Based on the closing market price of our common units of $27.19 on December 31, 2018.

Units Vested

The following table provides information regarding the vesting of SUN restricted units and/or restricted phantom units and ET restricted units held by certain of our NEOs during 2018 . There are no options outstanding on our common units.

	Unit Awards	
Name	Number of Units Acquired on Vesting (#)	Value Realized on Vesting ($) (1)
Sunoco LP restricted unit and restricted phantom unit vestings:		
Joseph Kim	10,302	$ 286,705
Thomas R. Miller	9,000	250,470
S. Blake Heinemann	8,868	246,796
Karl R. Fails	5,460	151,952
Brian A. Hand	4,992	138,927
ET restricted unit vestings:		
S. Blake Heinemann	5,376	78,199
Karl R. Fails	3,840	55,857
Brian A. Hand	3,072	44,685

(1) Amounts presented represent the number of unit awards vested during 2018 and the value realized upon vesting of these awards, which is calculated as the number of units vested multiplied by the closing price of Sunoco LP or ET's respective common units upon the vesting date.

Non-Qualified Deferred Compensation

Our NEOs are eligible to participate, and do participate, in a non-qualified deferred compensation plan administered by ET. The following table provides the voluntary salary deferrals made by the named executive officers in 2018 under the ET NQDC Plan and Sunoco Executive DC Plan.

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/Distributions ($)	Aggregate Balance at Last FYE ($)
Joseph Kim	$ —	$ —	$ —	$ —	$ —
Thomas R. Miller	—	—	—	—	—
S. Blake Heinemann	—	—	—	—	—
Karl R. Fails	120,720	—	(28,110)	—	407,654
Brian A. Hand	45,626	—	(6,552)	—	107,532

Potential Payments upon Termination or Change of Control

Pursuant to the terms of the award agreements issued under the LTIP, in the event of a (i) Change of Control (as defined in the LTIPs) or (ii) termination of employment due to death or disability, all restricted units and/or restricted phantom units shall vest. In the event of a termination of employment for any other reason, all restricted units and/or restricted phantom units that are still unvested shall be forfeited.

In addition, beginning in October 2014, all awards under both the 2012 LTIP and the 2018 LTIP contain a partial acceleration of vesting for qualified retirement, whereby a recipient who voluntarily retires after at least five years of service would be eligible for (i) vesting of 40% of the outstanding award, if the recipient retires at age 65 to 68, or (ii) vesting of 50% of the outstanding award, if the recipient is over the age of 68 upon retirement. Currently none of our NEOs are eligible for partial acceleration upon retirement. The acceleration of these awards at retirement is subject to the provisions of IRC Section 409(a) and such accelerated units shall not be delivered before the earlier of (i) the day that is six months plus one day after the date of separation from service or (ii) the tenth (10th) day after the date of the recipient's death.

Under the LTIPs, a "Change of Control" means, and shall be deemed to have occurred upon one or more of the following events: (i) any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Exchange Act, other than

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

The following table shows the amount of incremental value that would have been received by each of the NEOs upon certain events of termination or a change of control resulting in the accelerated vesting of the restricted units and/or restricted phantom units held by our NEOs on December 31, 2018 :

Name	Benefit	Termination Due to Death or Disability ($) (1)	Termination for any other reason ($)	Change of Control with or without Continued Employment ($) (1)	Not for Cause Termination ($)
Joseph Kim	Unit Vesting	$ 3,868,267	$ —	$ 3,868,267	$ —
Thomas R. Miller	Unit Vesting	1,740,160	—	1,740,160	—
S. Blake Heinemann	Unit Vesting	2,167,696	—	2,167,696	—
Karl R. Fails	Unit Vesting	2,071,008	—	2,071,008	—
Brian A. Hand	Unit Vesting	1,691,599	—	1,691,599	—

(1) The amounts reflected above represent the product of the number of restricted units and/or restricted phantom units that were subject to vesting/restrictions on December 31, 2018 multiplied by the closing price of our common units of $27.19 on that date.

CEO Pay Ratio

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

For the 2018 calendar year:

The annual total compensation of Mr. Kim, as reported in the Summary Compensation Tables of this Item 11 was $3,201,743; and

The median total compensation of the employees supporting our Partnership (other than Mr. Kim) was $71,447.

Based on this information, for 2018 the ratio of the annual total compensation of Mr. Kim to the median of the annual total compensation of the 2,802 employees supporting us as of December 31, 2018 was approximately 45 to 1.

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

1. It was determined that, as of December 31, 2018, the applicable employee populations consisted of 2,802 with all of the identified individuals being employed in the United States. This population consisted of all of our full-time and part-time employees. We did not engage any independent contractors in 2018 that are required to be included in our employee population for the CEO pay ratio evaluation.

2. To identify the "median employee" from our employee population, we compared the total earnings of our employees as reflected in our payroll records as reported on Form W-2 for 2018.

3. We identified our median employee using W-2 reporting and applied this compensation measure consistently to all of our employees required to be included in the calculation. We did not make any cost of living adjustments in identifying the "median employee".

4. Once we identified our median employee, we combined all elements of the employee's compensation for 2018 resulting in an annual compensation of $71,447. The difference between such employee's total earnings and the employee's total compensation represents the estimated value of the employee's health care benefits (estimated for the employee and such employee's eligible dependents at $9,689 and the employee's 401(k) matching contribution and profit sharing contribution, as applicable estimated at $5,518 per employee).

5. With respect to Mr. Kim, we used the amount reported in the "Total" column of our 2018 Summary Compensation Table under this Item 11.

Compensation of Directors

Our Board periodically reviews and determines the amounts payable to the members of our Board. In January 2018, the Board approved modifications to the compensation of the non-employee directors on our Board. For 2018, the directors of the General Partner who were not employees of the General Partner or its affiliates received, as applicable: an annual cash retainer of $100,000; an annual cash retainer of $15,000 ($25,000 for the chair) for serving on our audit committee; an annual cash retainer of $7,500 ($15,000 for the chair) for serving on our compensation committee; and a cash fee for the engagement of the special committee of the Board (the "Special Committee"), as determined by the Board at the time of such engagement. Such directors also received an annual grant of restricted units and/or restricted phantom units under the LTIP equal to an aggregate of $100,000 divided by the closing price of SUN units on the date of grant. Directors appointed during the year, or who cease to be directors during a year, receive a pro-rated portion of any cash retainers. In addition, each non-employee director who is appointed to the Board for the first time is entitled to receive 2,500 unvested SUN common units. Unit awards granted to non-employee directors will vest 60% after the third year and the remaining 40% after the fifth year after the grant date.

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

The following table provides a summary of compensation paid to each of our current and former non-employee directors (and Messrs. Ramsey, Long and Curia) for 2018 service:

Name	Fees Earned or Paid in Cash ($) (1)	Unit Awards ($) (2)	Option Awards ($)	All Other Compensation ($)	Total ($)
Oscar A. Alvarez [3]	$ 65,806	$ 70,800	$ —	$ —	$ 136,606
Imad K. Anbouba [3]	75,819	70,800	—	—	146,619
James W. Bryant	113,533	100,006	—	—	213,539
W. Brett Smith [3]	44,128	100,006	—	—	144,134
K. Rick Turner [3]	46,614	100,006	—	—	146,620
Thomas E. Long [4]	—	520,036	—	—	520,036
Christopher R. Curia [4]	—	454,375	—	—	454,375
Matthew S. Ramsey [4]	—	641,131	—	—	641,131

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

(2) The amounts reported for unit awards represent the full grant date fair value of the awards granted in 2018 , calculated in accordance with FASB ASC Topic 718. These amounts do not correspond to the actual value that may be recognized by the recipient upon any disposition of vested units and do not give effect to any decline or increase in the trading price of our common units since the date of grant. For a discussion of the assumptions and methodologies used in calculating the grant date fair value of the unit awards reported above, see Note 18–Unit-Based Compensation in our Notes to Consolidated Financial Statements. As of December 31, 2018 , Mr. Alvarez had 2,500 outstanding restricted phantom units, Mr. Anbouba had 2,500 outstanding restricted phantom units, Mr. Bryant had 11,081 outstanding restricted phantom units, Mr. Long had 64,282 outstanding restricted phantom units, Mr. Curia had 50,322 outstanding restricted phantom units and Mr. Ramsey had 24,938 outstanding restricted phantom units.

(3) Messrs. Alvarez and Anbouba were elected to the Board of our General Partner in March 2018, subsequent to the March 2018 resignations of Messrs. Smith and Turner.

(4) Messrs. Long (ET's Chief Financial Officer), Curia (ET's EVP-Chief Human Resources Officer) and Ramsey (ET's Chief Operating Officer), are entitled to receive grants of restricted units and/or restricted phantom units pursuant to the LTIP in recognition of their commitment and contribution to us and our unitholders. The restricted units granted in December 2018 will vest 60% in December 2021 and 40% in December 2023, subject to the terms of the award agreement. The awards of restricted units to Messrs. Long, Curia and Ramsey in respect of their contribution to us represent a portion of their total awards as executive officers of ET and the allocation of such percentage to us is in recognition of the portion of their total time spent on our business.

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

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of common units and Class C units of the Partnership that are issued and outstanding as of February 15, 2019 and held by:

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

Name of Beneficial Owner (1)	Common Units Beneficially Owned (7)	Percentage of Commons Units Beneficially Owned	Class C Units Beneficially Owned	Percentage of Class C Units Beneficially Owned	Percentage of Common and Class C Units Beneficially Owned
ETO (2)	28,463,967	34.4%	—	—	28.7%
Oppenheimer Funds, Inc. (6)	15,163,482	18.3%	—	—	15.3%
Sunoco Retail LLC	—	—	11,168,667	68.1%	11.3%
Aloha Petroleum Ltd (4)	—	—	5,242,113	31.9%	5.3%
Citigroup Inc. (3)	3,633,415	4.4%	—	—	3.7%
Goldman Sachs Asset Management (5)	5,048,904	6.1%	—	—	5.1%
Karl R. Fails	11,826	*	—	—	*
Brian A. Hand	8,078	*	—	—	*
S. Blake Heinemann	20,082	*	—	—	*
Joseph Kim	15,378	*	—	—	*
Thomas R. Miller	5,458	*	—	—	*
Oscar A. Alvarez	—	—	—	—	—
Imad K. Anbouba	—	—	—	—	—
James W. Bryant	2,348	*	—	—	*
Christopher R. Curia	17,700	*	—	—	*
Thomas E. Long	8,475	*	—	—	*
Matthew S. Ramsey	1,118	*	—	—	*
All executive officers and directors as a group (twelve persons)	90,463	*	—	—	*

* Represents less than 1%.

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

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

(3) The information contained in the table and this footnote with respect to Citigroup Inc. is based solely on a filing on Schedule 13G filed with the Securities and Exchange Commission on January 10, 2017. The business address of the reporting party is 388 Greenwich Street, New York, New York 10013.

(4) The address for Aloha is 1132 Bishop St., Suite 1700, Honolulu, Hawaii 96813.

(5) The information contained in the table and this footnote with respect to Goldman Sachs Asset Management LP is based solely on a filing on Schedule 13G filed with the Securities and Exchange Commission on February 5, 2019. The business address of the reporting party is 200 West Street, New York, New York 10282.

(6) The information contained in the table and this footnote with respect to Oppenheimer Funds, Inc. is based solely on a filing on Schedule 13G filed with the Securities and Exchange Commission on January 18, 2019. The business address of the reporting party is Two World Financial center, 225 Liberty Street, New York, New York 10281.

(7) Does not include unvested phantom units that may not be voted or transferred prior to vesting. As of February 15, 2019 , there were 82,725,202 common units and 16,410,780 Class C Units deemed to be beneficially owned for purposes of the above table.

The following table sets forth, as of February 15, 2019 , the number of common units of ET owned by each of the directors and named executive officers of our General Partner and all directors and current executive officers of our General Partner as a group.

	ET Common Units Beneficially Owned†	
Name of Beneficial Owner (1)	**Number of Common Units (2)**	**Percentage of Total Common Units (3)**
Karl R. Fails	13,161	*
Brian A. Hand	7,440	*
S. Blake Heinemann	13,407	*
Joseph Kim	6,500	*
Thomas R. Miller	—	—
Oscar A. Alvarez	—	—
Imad K. Anbouba	7,416	*
James W. Bryant	243,540	*
Christopher R. Curia	113,058	*
Thomas E. Long	141,984	*
Matthew S. Ramsey	148,051	*
All executive officers and directors as a group (twelve persons)	694,557	*

* Represents less than 1%.

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

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

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

(3) As of February 15, 2019 , there were 2,619,391,387 common units of ET deemed to be beneficially owned for purposes of the above table.

Equity Compensation Plan Information

As of December 31, 2018 , a total of 2,879,530 phantom units had been issued under the LTIP. Total securities remaining available for issuance under the LTIP as of December 31, 2018 were as follows:

Common Units Remaining Available for Issuance under Our Equity Compensation Plans

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights**	**Weighted-average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance under equity compensation plans (1)**
Equity compensation plans approved by security holders	—	$ —	212,970
Equity compensation plans not approved by security holders	—	—	9,317,350
Total	—	$ —	9,530,320

(1) As of January 1, 2019, the number of units awarded for future issuances under the 2012 LTIP increased by 500,000 to 712,970 as the Partnership completed a qualifying equity issuance event during 2018 .

Item 13. Certain Relationships, Related Transactions and Director Independence

Transactions with ET and its Affiliates

The following table summarizes the distributions and payments made by us to ET or its affiliates during 2018 .

Transaction	Explanation	Amount/Value
2018 quarterly distributions on limited partner interests and IDRs held by affiliates.	Represents the aggregate amount of distributions made to affiliates of our general partner in respect of Series A preferred units, common units and IDRs during 2018.	$192 million
Fuel sold to affiliates.	Total revenues we received for fuel gallons sold by us to affiliates of our general partner for 2018.	$33 million
Bulk purchases of motor fuel from ET and its affiliates.	Represents payments made to ET and its affiliates for bulk motor fuel purchases.	$1.9 billion
Reimbursement to our general partner for certain allocated overhead and other expenses.	Total payment to our general partner for reimbursement of overhead and other expenses, including employee compensation costs relating to employees supporting our operations for 2018.	$0.1 million

Other Transactions with Related Persons

Related Party Agreements

Sunoco, LLC ("Sunoco LLC") and Sunoco Retail LLC ("Sunoco Retail") have administrative and support services agreements in place pursuant to which a subsidiary of Sunoco Inc. provided certain general and administrative services to Sunoco LLC and Sunoco Retail during 2018 . In addition, Sunoco LLC and Sunoco Retail have treasury services agreements for certain cash management activities with Sunoco (R&M), LLC.

We are party to fee-based commercial agreements with various subsidiaries or affiliates of ETO for pipeline, terminalling and storage services. We also have agreements with subsidiaries of ETO for the purchase and sale of fuel. In addition, we are party to two related products purchase agreements, one with Philadelphia Energy Solutions Refining & Marketing ("PES") and one with PES's product financier Merrill Lynch Commodities; both purchase agreements contain 12 -month terms that automatically renew for consecutive 12 -month terms until either party cancels with notice. ETP Retail Holdings, LLC, a subsidiary of ETO, owns a noncontrolling interest in the parent of PES. Beginning in the third quarter of 2018, PES was no longer considered an affiliate of ETO as ETO was no longer considered to have any significant influence over PES's management or operations.

Financing Transactions with Affiliates

ETO provides credit support to certain of our suppliers under certain of our supply contracts.

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

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

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

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

Item 14. Principal Accounting Fees and Services

Audit Fees

The following table presents fees for audit services rendered by Grant Thornton LLP ("Grant Thornton") for the audit of our annual consolidated financial statements for 2018 and 2017 , and fees billed for services rendered by Grant Thornton during the corresponding periods (dollars in millions).

	Fiscal 2018	Fiscal 2017
Audit Fees (1)	$ 2.3	$ 3.1
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	$ 2.3	$ 3.1

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

Policy for Approval of Audit and Non-Audit Services

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

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

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this Report **:**

(1) Financial Statements - see Index to Consolidated Financial Statements appearing on page F-1 .

(2) Financial Statement Schedules - None.

(3) Exhibits - see Exhibit Index set forth on page 72 .

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Asset Purchase Agreement by and among Susser Petroleum Property Company LLC, Sunoco Retail LLC, Stripes LLC, Town & Country Food Stores, Inc., MACS Retail LLC, 7-Eleven, Inc. and SEI Fuel Services, Inc., and, solely for the limited purposes referenced therein, Sunoco, LP, Sunoco Finance Corp. and Sunoco, LLC, dated as of April 6, 2017 (incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 6, 2017)
2.2	Amended and Restated Asset Purchase Agreement by and among Susser Petroleum Property Company LLC, Sunoco Retail LLC, Stripes LLC, Town & Country Food Stores, Inc., MACS Retail LLC, 7-Eleven, Inc. and SEI Fuel Services, Inc., and, solely for the limited purposes referenced therein, Sunoco, LP, Sunoco Finance Corp. and Sunoco, LLC, dated January 23, 2018 (incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 24, 2018)
3.1	Certificate of Limited Partnership of Susser Petroleum Partners LP (Incorporated by reference to the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)
3.2	Certificate of Amendment to the Certificate of Limited Partnership of Susser Petroleum Partners LP (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 28, 2014)
3.3	Amended and Restated Certificate of Limited Partnership of Sunoco LP dated as of June 6, 2016 (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 8, 2016)
3.4	First Amended and Restated Agreement of Limited Partnership of Susser Petroleum Partners LP, dated September 25, 2012 (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on September 25, 2012)
3.5	Amendment No. 1 to the First Amended and Restated Agreement of Limited Partnership of Susser Petroleum Partners LP (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 28, 2014)
3.6	Amendment No. 2 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on August 6, 2015)
3.7	Amendment No. 3 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 5, 2016)
3.8	Amendment No. 4 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 8, 2016)
3.9	Amendment No. 5 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on March 31, 2017)
3.10	Amendment No. 6 to the First Amended and Restated Agreement of Limited Partnership of Sunoco LP dated as of May 8, 2018 (Incorporated by reference to the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 10, 2018)
3.11	Certificate of Formation of Susser Petroleum Partners GP LLC (Incorporated by reference to the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)
3.12	Certificate of Amendment to the Certificate of Formation of Susser Petroleum Partners GP LLC (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 28, 2014)
3.13	Amended and Restated Limited Liability Company Agreement of Susser Petroleum Partners GP LLC, dated September 25, 2012 (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on September 25, 2012)
3.14	Amendment No. 1 to Amended and Restated Limited Liability Company Agreement of Susser Petroleum Partners GP LLC (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 28, 2014)
3.15	Amendment No. 2 to the Amended and Restated Limited Liability Company Agreement of Sunoco GP LLC dated as of June 6, 2016 (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on June 8, 2016)
3.16	Amendment No. 3 to the Amended and Restated Limited Liability Company Agreement of Sunoco GP LLC dated as of May 8, 2018 (Incorporated by reference to the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 10, 2018)
3.17	Second Amended and Restated Certificate of Limited Partnership Sunoco LP dated as of May 8, 2018 (Incorporated by reference to the quarterly report on Form 10-Q (File Number 001-35653) filed by the registrant on May 10, 2018)
4.1	Registration Rights Agreement, dated as of March 31, 2016, by and among Sunoco LP and Energy Transfer Equity, L.P. (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 1, 2016)
4.2	Indenture, by and among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto and U.S. Bank National Association, as Trustee, dated January 23, 2018 (incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 29, 2018)
4.3	Registration Rights Agreement, among Sunoco LP, Sunoco Finance Corp., the Guarantors party thereto, ETC M-A Acquisition LLC, Credit Suisse Securities (USA) LLC and RBC Capital Markets, LLC, as representatives of the Initial Purchasers named therein, dated January 23, 2018 (incorporated by

reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 29, 2018)

4.4 First Supplemental Indenture, dated as of January 24, 2019 by and among Sunoco LP, Sunoco Finance Corp, the subsidiary guarantors party thereto and AMID Refined Products LLC, AMID Caddo LLC, AMID NLR LLC, as guarantors, and U.S, Bank, N.A., as trustee *

10.1 Credit Agreement among Susser Petroleum Partners LP, as the Borrower, the lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent, Collateral Agent, Swingline Lender and an LC Issuer, dated September 25, 2014 (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 1, 2014)

10.2 First Amendment to Credit Agreement and Increase Agreement by and among Sunoco LP, Bank of America, N.A., as Administrative Agent, Collateral Agent, Swingline Lender and an LC Issuer, and the financial institutions parties thereto, dated April 10, 2015 (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 13, 2015)

10.3 Second Amendment to Credit Agreement, dated as of December 2, 2015, by and among Sunoco LP, Bank of America, N.A. and the financial institutions parties thereto as Lenders (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on December 8, 2015)

10.4 Third Amendment to Credit Agreement, dated as of August 1, 2016, by and among Sunoco LP, Bank of America, N.A. and the financial institutions parties thereto as Lenders (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on August 3, 2016)

10.5 Fourth Amendment to Credit Agreement, dated as of December 21, 2016, by and among Sunoco LP, Bank of America, N.A. and the financial institutions parties thereto as Lenders (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on December 22, 2016)

10.6 Fifth Amendment to Credit Agreement, dated as of October 16, 2017, by and among Sunoco LP, Bank of America, N.A. and the financial institutions parties thereto as Lenders (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 20, 2017)

10.7 Susser Petroleum Partners LP 2012 Long-Term Incentive Plan (Incorporated by reference to the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)

10.8 First Amendment to the Susser Petroleum Partners LP 2012 Long Term Incentive Plan, dated November 4 2014 (Incorporated by reference to the annual report on Form 10-K (File Number 001-35653) filed by the registrant on February 27, 2015)

10.9 Revised Form of Director Indemnification Agreement (Incorporated by reference to the annual report on Form 10-K (File Number 001-35653) filed by the registrant on March 14, 2014)

10.10 Form of Phantom Unit Award Agreement (Incorporated by reference to the registration statement on Form S-1 (File Number 333-182276), as amended, originally filed by the registrant on June 22, 2012)

10.11 Form of Restricted Phantom Unit Agreement (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 14, 2014)

10.12 Form of Time -Vested Restricted Phantom Unit Award Agreement (Incorporated by reference to the annual report on Form 10-K (File Number 001-35653, filed by the registrant on February 24, 2017)

10.13 Contribution Agreement, dated as of September 25, 2014, by and among Mid-Atlantic Convenience Stores, LLC, ETC M-A Acquisition LLC, Susser Petroleum Partners LP and Energy Transfer Partners, L.P (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 1, 2014)

10.14 Purchase and Sale Agreement, entered into as of September 25, 2014, by and among Susser Petroleum Property Company LLC, Susser Petroleum Partners LP and Henger BV Inc. (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 1, 2014)

10.15 Amendment No.1, entered into as of December 16, 2014, to Purchase and Sale Agreement, dated as of September 25, 2014, by and among Susser Petroleum Property Company LLC, Susser Petroleum Partners LP and Henger BV Inc. (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on December 19, 2014)

10.16 Contribution Agreement, dated as of March 23, 2015, by and among Sunoco, LLC, ETP Retail Holdings, LLC, Sunoco LP and Energy Transfer Partners, L.P. (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on March 23, 2015)

10.17 Contribution Agreement, dated as of July 14, 2015, by and among Susser Holdings Corporation, Heritage Holdings, Inc., ETP Holdco Corporation, Sunoco LP, Sunoco GP LLC and Energy Transfer Partners, L.P. (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on July 15, 2015)

10.18 Contribution Agreement, dated as of November 15, 2015, by and among Sunoco, LLC, Sunoco, Inc., ETP Retail Holdings, LLC, Sunoco LP, Sunoco GP LLC, and solely with respect to limited provisions therein, Energy Transfer Partners, L.P. (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on November 16, 2015)

10.19 Purchase Agreement, dated April 4, 2016, by and among Sunoco GP LLC, Sunoco LP, Sunoco Finance Corp., certain subsidiaries of Sunoco LP party thereto and Credit Suisse Securities (USA) LLC, as representative of the several initial purchasers named on Schedule A thereto (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 8, 2016)

10.20 Equity Distribution Agreement, dated October 4, 2016, by and between Sunoco LP and RBC Capital Markets, LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Credit Agricole Securities (USA) Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mizuho Securities USA Inc., Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., Natixis Securities Americas LLC, SMBC Nikko Securities America, Inc., TD Securities (USA) LLC, UBS Securities LLC and Wells Fargo Securities, LLC (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on October 4, 2016)

10.21 Limited Waiver Limited Waiver to Credit Agreement, dated as of January 31, 2017, by and among Sunoco LP, Bank of America, N.A. and the financial institutions parties thereto as Lenders (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on February 3, 2017)

10.22 Limited Waiver to Senior Secured Term Agreement, dated as of January 31, 2017, by and among Sunoco LP, Credit Suisse AG, Cayman Islands Branch, and the financial institutions parties thereto as Lenders (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on February 3, 2017)

10.23 Guarantee Agreement by and among Sunoco LP, Sunoco, LLC, 7-Eleven, Inc. and SEI Fuel Services, dated as of April 6, 2017 (incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on April 6, 2017)

10.24 Letter Agreement by and among by and among Susser Petroleum Property Company LLC, Sunoco Retail LLC, Stripes LLC, Town & Country Food Stores, Inc., MACS Retail LLC, 7-Eleven, Inc. and SEI Fuel Services, Inc., dated January 8, 2018 (incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by registrant on January 9, 2018)

10.25 Guarantee of Collection, by ETC M-A Acquisition LLC to Sunoco LP and Sunoco Finance Corp., dated January 23, 2018 (incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 29, 2018)

10.26 Support Agreement, by and among Sunoco, Inc., Sunoco LP, Sunoco Finance Corp. and ETC M-A Acquisition LLC, dated January 23, 2018 (incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 29, 2018)

10.27 Common Unit Repurchase Agreement, by and among Sunoco LP, Heritage Holdings, Inc. and ETP Holdco Corporation, dated January 24, 2018 (incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by the registrant on January 29, 2018)

10.28 Distribution Motor Fuel Agreement by and between Sunoco, LLC and 7-Eleven, Inc. and SEI Fuel Services, Inc. dated January 23, 2018 (asterisks located within the exhibit denote information which has been deleted pursuant to a confidential treatment request filed with the Securities and Exchange Commission)

10.29 Sunoco GP LLC Annual Bonus Plan (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by registrant on July 13, 2018)

10.30 Amended and Restated Credit Agreement, dated as of July 27, 2018, among Sunoco LP, as borrower, Bank of America N.A., as administrative agent, collateral agent, swingline lender and an LC issuer, and the lenders party thereto. (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by registrant on July 31, 2018)

10.31 Sunoco LP 2018 Long-term Incentive Plan (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by registrant on November 20, 2018)

10.32 Form of Time Vested Restricted Unit/Phantom Unit Agreement *

10.33 Form of Heinemann Separation Agreement (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by registrant on November 27,2018)

10.34 Form of Heinemann Consulting Agreement (Incorporated by reference to the current report on Form 8-K (File Number 001-35653) filed by registrant on November 27,2018)

21.1 List of Subsidiaries of the Registrant *

23.1 Consent of Grant Thornton LLP, independent registered public accounting firm *

23.2 Consent of Grant Thornton LLP, independent registered public accounting firm *

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act *

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act *

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 **

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 **

99.1 Information Related to ETC M-A Acquisition LLC *

101.INS XBRL Instance Document

101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation

* Filed herewith.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Sunoco LP

By: Sunoco GP LLC, its general partner

By: /s/ *Joseph Kim*

Joseph Kim

President and Chief Executive Officer

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

Date: February 22, 2019

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

Signature	Title	Date
/s/ *Joseph Kim* Joseph Kim	Director, President and Chief Executive Officer (Principal Executive Officer)	February 22, 2019
/s/ *Thomas R. Miller* Thomas R. Miller	Chief Financial Officer (Principal Financial Officer)	February 22, 2019
/s/ *Camilla A. Harris* Camilla A. Harris	Vice President, Controller and Principal Accounting Officer (Principal Accounting Officer)	February 22, 2019
/s/ *Matthew S. Ramsey* Matthew S. Ramsey	Chairman of the Board	February 22, 2019
/s/ *Thomas E. Long* Thomas E. Long	Director	February 22, 2019
/s/ *James W. Bryant* James W. Bryant	Director	February 22, 2019
/s/ *Christopher R. Curia* Christopher R. Curia	Director	February 22, 2019
/s/ *Imad K. Anbouba* Imad K. Anbouba	Director	February 22, 2019
/s/ *Oscar A. Alvarez* Oscar A. Alvarez	Director	February 22, 2019

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Sunoco LP (a Delaware limited partnership) and subsidiaries (the "Partnership") as of December 31, 2018 and 2017 , the related consolidated statements of operations and comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2018 , and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2018 and 2017 , and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 , in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Partnership's internal control over financial reporting as of December 31, 2018 , based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 22, 2019 expressed an unqualified opinion thereon.

Change in accounting principle

As discussed in Note 2 to the consolidated financial statements, the Partnership has changed its method of accounting for revenue from contracts with customers due to the adoption of the new revenue standard. The Partnership adopted the new revenue standard using the modified retrospective method.

Basis for opinion

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

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

/s/ GRANT THORNTON LLP

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

Dallas, Texas
February 22, 2019

SUNOCO LP
CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
	(in millions, except units)	
Assets		
Current assets:		
Cash and cash equivalents	$ 56	$ 28
Accounts receivable, net	374	541
Receivables from affiliates	37	155
Inventories, net	374	426
Other current assets	64	81
Assets held for sale	—	3,313
Total current assets	905	4,544
Property and equipment, net	1,546	1,557
Other assets:		
Goodwill	1,559	1,430
Intangible assets, net	708	768
Other noncurrent assets	161	45
Total assets	$ 4,879	$ 8,344
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 412	$ 559
Accounts payable to affiliates	149	206
Accrued expenses and other current liabilities	299	368
Current maturities of long-term debt	5	6
Liabilities associated with assets held for sale	—	75
Total current liabilities	865	1,214
Revolving line of credit	700	765
Long-term debt, net	2,280	3,519
Advances from affiliates	24	85
Deferred tax liability	103	389
Other noncurrent liabilities	123	125
Total liabilities	4,095	6,097
Commitments and contingencies (Note 14)		
Equity:		
Limited partners:		
Series A Preferred unitholders - affiliated (no units issued and outstanding as of December 31, 2018 and 12,000,000 units issued and outstanding as of December 31, 2017)	—	300
Common unitholders (82,665,057 units issued and outstanding as of December 31, 2018 and 99,667,999 units issued and outstanding as of December 31, 2017)	784	1,947
Class C unitholders - held by subsidiary (16,410,780 units issued and outstanding as of December 31, 2018 and December 31, 2017)	—	—
Total equity	784	2,247
Total liabilities and equity	$ 4,879	$ 8,344

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

SUNOCO LP
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Year Ended December 31,		
	2018	2017	2016
	(dollars in millions, except unit and per unit amounts)		
Revenues:			
Motor fuel sales	$ 16,504	$ 10,910	$ 9,212
Rental income	130	89	88
Other	360	724	686
Total revenues	16,994	11,723	9,986
Cost of sales and operating expenses:			
Cost of sales	15,872	10,615	8,830
General and administrative	141	140	155
Other operating	363	375	374
Rent	72	81	81
Loss on disposal of assets and impairment charges	19	114	225
Depreciation, amortization and accretion	182	169	176
Total cost of sales and operating expenses	16,649	11,494	9,841
Operating income	345	229	145
Interest expense, net	144	209	161
Loss on extinguishment of debt and other	109	—	—
Income (loss) from continuing operations before income taxes	92	20	(16)
Income tax expense (benefit)	34	(306)	(72)
Income from continuing operations	58	326	56
Loss from discontinued operations, net of income taxes	(265)	(177)	(462)
Net income (loss) and comprehensive income (loss)	$ (207)	$ 149	$ (406)
Net income (loss) per common unit - basic:			
Continuing operations	$ (0.25)	$ 2.13	$ (0.32)
Discontinued operations	(3.14)	(1.78)	(4.94)
Net income (loss)	$ (3.39)	$ 0.35	$ (5.26)
Net income (loss) per common unit - diluted:			
Continuing operations	$ (0.25)	$ 2.12	$ (0.32)
Discontinued operations	(3.14)	(1.78)	(4.94)
Net income (loss)	$ (3.39)	$ 0.34	$ (5.26)
Weighted average limited partner units outstanding:			
Common units - basic	84,299,893	99,270,120	93,575,530
Common units - diluted	84,820,570	99,728,354	93,603,835
Cash distribution per unit	$ 3.30	$ 3.30	$ 3.29

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

SUNOCO LP
CONSOLIDATED STATEMENTS OF EQUITY
(in millions)

	Preferred Units - Affiliated	Common Units	Predecessor Equity	Total Equity
Balance at December 31, 2015	$ —	$ 3,045	$ 2,218	$ 5,263
Contribution of Sunoco Retail & Sunoco LLC from ETP	—	—	(2,200)	(2,200)
Equity issued to ETP	—	194	—	194
Equity issued to ETE, net of issuance costs	—	61	—	61
Equity issued under ATM, net	—	71	—	71
Contribution of assets between entities under common control above historic cost	—	(374)	(18)	(392)
Cash distribution to unitholders	—	(386)	—	(386)
Cash distribution to ETP	—	(50)	—	(50)
Unit-based compensation	—	13	—	13
Other	—	28	—	28
Partnership net loss	—	(406)	—	(406)
Balance at December 31, 2016	—	2,196	—	2,196
Equity issued under ATM, net	—	33	—	33
Equity issued to ETE	300	—	—	300
Cash distribution to unitholders	—	(420)	—	(420)
Distribution to preferred units	(23)	—	—	(23)
Unit-based compensation	—	24	—	24
Other	—	(12)	—	(12)
Partnership net income	23	126	—	149
Balance at December 31, 2017	300	1,947	—	2,247
Common unit repurchase	—	(540)	—	(540)
Redemption of preferred units	(300)	—	—	(300)
Cash distribution to unitholders	—	(369)	—	(369)
Dividend to preferred units	(2)	—	—	(2)
Unit-based compensation	—	12	—	12
Cumulative effect of change in revenue recognition accounting principle	—	(54)	—	(54)
Other	—	(3)	—	(3)
Partnership net income (loss)	2	(209)	—	(207)
Balance at December 31, 2018	$ —	$ 784	$ —	$ 784

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

SUNOCO LP
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2018	**2017**	**2016**
	(in millions)		
Cash flows from operating activities:			
Net income (loss)	$ (207)	$ 149	$ (406)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Loss from discontinued operations	265	177	462
Depreciation, amortization and accretion	182	169	176
Amortization of deferred financing fees	6	15	11
Loss on disposal of assets and impairment charges	19	114	225
Loss on extinguishment of debt and other	109	—	—
Non-cash unit based compensation expense	12	24	13
Deferred income tax	6	(308)	(8)
Inventory valuation adjustment	85	(24)	(97)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	201	(1)	(215)
Accounts receivable from affiliates	15	(131)	5
Inventories	(11)	21	18
Other assets	(45)	7	(62)
Accounts payable	(123)	(44)	221
Accounts payable to affiliates	(15)	97	94
Accrued expenses and other current liabilities	(55)	(16)	56
Other noncurrent liabilities	3	54	(27)
Net cash provided by continuing operating activities	447	303	466
Cash flows from investing activities:			
Capital expenditures	(103)	(103)	(119)
Purchase of intangible assets	(2)	(39)	(50)
Acquisition from Superior	(58)	—	—
Purchase of sites from 7-Eleven	(54)	—	—
Acquisition from Sandford, net of cash acquired	(90)	—	—
Acquisition from BRENCO	(26)	—	—
Acquisition from AMID	(127)	—	—
Acquisition from Schmitt	(46)	—	—
Acquisition of Emerge fuels business, net of cash acquired	—	—	(171)
Proceeds from disposal of property and equipment	37	10	9
Net cash used in investing activities	(469)	(132)	(331)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	2,200	—	2,835
Payments on long-term debt	(3,450)	(5)	(808)
Payments on debt extinguishment costs	(93)	—	—
Revolver borrowings	2,790	2,653	2,811
Revolver repayments	(2,855)	(2,888)	(2,261)
Loan origination costs	(35)	—	(30)
Advances from affiliates	—	3	255
Equity issued to ETE, net of issuance costs	—	300	61
Proceeds from issuance of common units, net of offering costs	—	33	71
Common unit repurchase	(540)	—	—
Redemption of preferred units from ETE	(303)	—	—
Distributions to ETP	—	—	(50)
Other cash from financing activities, net	(15)	(4)	3
Distributions to unitholders	(383)	(431)	(386)
Net cash provided by (used in) financing activities	(2,684)	(339)	2,501

Cash flows from discontinued operations:			
Operating activities	(484)	136	93
Investing activities	3,207	(38)	(2,683)
Changes in cash included in current assets held for sale	11	(5)	5
Net increase (decrease) in cash and cash equivalents of discontinued operations	2,734	93	(2,585)
Net increase (decrease) in cash and cash equivalents	28	(75)	51
Cash and cash equivalents at beginning of period	28	103	52
Cash and cash equivalents at end of period	$ 56	$ 28	$ 103

	Year Ended December 31,		
	2018	**2017**	**2016**
		(in millions)	
Supplemental disclosure of non-cash financing activities:			
Equity issued to ETP and ETE	$ —	$ —	$ 255
Supplemental disclosure of cash flow information:			
Interest paid	$ 140	$ 209	$ 167
Income taxes paid (refunded), net	$ 501	$ (1)	$ (30)

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

1. Organization and Principles of Consolidation

We are a Delaware master limited partnership. We are managed by our general partner, Sunoco GP LLC (our "General Partner"), which is owned by Energy Transfer Operating, L.P. ("ETO"), a consolidated subsidiary of Energy Transfer LP. In October 2018, Energy Transfer Equity, L.P. ("ETE") and Energy Transfer Partners, L.P. ("ETP") completed the previously announced merger of ETP with a wholly-owned subsidiary of ETE in a unit-for-unit exchange. Following the closing of the merger, ETE changed its name to "Energy Transfer LP" ("ET") and its common units began trading on the New York Stock Exchange under the "ET" ticker symbol on October 19, 2018. In addition, ETP changed its name to "Energy Transfer Operating, L.P."

In connection with the transaction, immediately prior to closing, ETE contributed 2,263,158 of our common units to ETP in exchange for 2,874,275 ETP common units, and contributed 100% of the limited liability company interests in our General Partner and all of our incentive distribution rights to ETP in exchange for 42,812,389 ETP common units. As a result, following the transaction, ETO directly owns our non-economic general partner interest, all of our incentive distribution rights ("IDRs") and approximately 34.5% of our common units, which constitutes a 28.8% limited partner interest in us.

Effective October 27, 2014, the Partnership changed its name from Susser Petroleum Partners LP (NYSE: SUSP) to Sunoco LP ("SUN," NYSE: SUN). As used in this document, the terms "Partnership," "SUN," "we," "us," and "our" should be understood to refer to Sunoco LP and our consolidated subsidiaries, unless the context clearly indicates otherwise.

The consolidated financial statements are composed of Sunoco LP, a publicly traded Delaware limited partnership, and our wholly-owned subsidiaries. We distribute motor fuels across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States from Maine to Florida and from Florida to New Mexico, as well as Hawaii. We also operate retail stores in Hawaii and New Jersey.

On April 6, 2017, certain subsidiaries of the Partnership (collectively, the "Sellers") entered into an Asset Purchase Agreement (the "7-Eleven Purchase Agreement") with 7-Eleven, Inc., a Texas corporation ("7-Eleven") and SEI Fuel Services, Inc., a Texas corporation and wholly-owned subsidiary of 7-Eleven ("SEI Fuel," and, together with 7-Eleven, referred to herein collectively as "Buyers"). On January 23, 2018, we completed the disposition of assets pursuant to the Amended and Restated Asset Purchase Agreement entered by and among Sellers, Buyers and certain other named parties for the limited purposes set forth therein, pursuant to which the parties agreed to amend and restate the 7-Eleven Purchase Agreement to reflect commercial agreements and updates made by the parties in connection with consummation of the transactions contemplated by the 7-Eleven Purchase Agreement. Under the 7-Eleven Purchase Agreement, as amended and restated, we sold a portfolio of 1,030 company operated retail fuel outlets, together with ancillary businesses and related assets to Buyers for approximately $3.2 billion (the "7-Eleven Transaction"). On January 18, 2017, with the assistance of a third-party brokerage firm, we launched a portfolio optimization plan to market and sell 97 real estate assets located in Florida, Louisiana, Massachusetts, Michigan, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas and Virginia. The results of these operations (the real estate optimization assets, together with the 7-Eleven Transaction, the "Retail Divestment") have been reported as discontinued operations for all periods presented in the consolidated financial statements. See Note 4 for more information related to the 7-Eleven Purchase Agreement, the optimization plan, and the discontinued operations. All other footnotes present results of the continuing operations.

On April 1, 2018, the Partnership completed the conversion of 207 retail sites located in certain West Texas, Oklahoma and New Mexico markets to a single commission agent.

Our primary operations are conducted by the following consolidated subsidiaries:

- Sunoco, LLC ("Sunoco LLC"), a Delaware limited liability company, primarily distributes motor fuel in 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States. Sunoco LLC also processes transmix and distributes refined product through its terminals in Alabama, Texas, Arkansas and New York.
- Sunoco Retail LLC ("Sunoco Retail"), a Pennsylvania limited liability company, owns and operates retail stores that sell motor fuel and merchandise primarily in New Jersey.
- Aloha Petroleum LLC, a Delaware limited liability company, distributes motor fuel and operates terminal facilities on the Hawaiian Islands.
- Aloha Petroleum, Ltd. ("Aloha"), a Hawaii corporation, owns and operates retail stores on the Hawaiian Islands.

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

Certain items have been reclassified for presentation purposes to conform to the accounting policies of the consolidated entity. These reclassifications had no impact on gross margin, income from operations, net income and comprehensive income, or the balance sheets or statements of cash flows.

2. Summary of Significant Accounting Policies

Use of Estimates

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

Fair Value Measurements

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

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

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

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

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

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

Segment Reporting

We operate our business in two primary operating segments, fuel distribution and marketing and all other, both of which are included as reportable segments. Our fuel distribution and marketing segment sells motor fuel to our all other segment and external customers. Our all other segment includes the Partnership's ethanol plant, credit card services, franchise royalties, and its retail operations in Hawaii and New Jersey.

Acquisition Accounting

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

Acquisitions of entities under common control are accounted for similar to a pooling of interests, in which the acquired assets and assumed liabilities are recognized at their historic carrying values. The results of operations of affiliated businesses acquired are reflected in the Partnership's consolidated results of operations beginning on the date of common control.

Cash and Cash Equivalents

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

Sunoco LLC and Sunoco Retail have treasury services agreements with Sunoco (R&M), LLC, an indirect wholly-owned subsidiary of ETO for certain cash management activities. The net balance of Sunoco LLC and Sunoco Retail activity is reflected in either "Advances to affiliates" or "Advances from affiliates" on the Consolidated Balance Sheets.

Accounts Receivable

The majority of trade receivables are from wholesale fuel customers or from credit card companies related to retail credit card transactions. Wholesale customer credit is extended based on an evaluation of the customer's financial condition. Receivables are recorded at face value, without interest or discount. The Partnership provides an allowance for doubtful accounts based on historical experience and on a specific identification basis. Credit losses are recorded against the allowance when accounts are deemed uncollectible.

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

Inventories

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

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

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were $24 million , $24 million and $22 million for the years ended December 31, 2018 , 2017 , and 2016 , respectively.

Property and Equipment

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

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

Long-Lived Assets and Assets Held for Sale

Long-lived assets are tested for possible impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. If such indicators exist, the estimated undiscounted future cash flows related to the asset are compared to the carrying value of the asset. If the carrying value is greater than the estimated undiscounted future cash flow amount, an impairment charge is recorded within loss (gain) on disposal of assets and impairment charge in the Consolidated Statements of Operations and Comprehensive Income (Loss) for amounts necessary to reduce the corresponding carrying value of the asset to fair value. The impairment loss calculations require management to apply judgment in estimating future cash flows.

Properties that have been closed and other excess real property are recorded as assets held and used, and are written down to the lower of cost or estimated net realizable value at the time we close such stores or determine that these properties are in excess and intend to offer them for sale. We estimate the net realizable value based on our experience in utilizing or disposing of similar assets and on estimates provided by our own and third-party real estate experts. Although we have not experienced significant changes in our estimate of net realizable value, changes in real estate markets could significantly impact the net values realized from the sale of assets. When we have determined that an asset is more likely than not to be sold in the next twelve months, that asset is classified as assets held for sale and included in other current assets. As of December 31, 2018 and 2017 , we had $0.0 billion and $3.3 billion , respectively, classified as assets held for sale.

Goodwill and Indefinite-Lived Intangible Assets

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

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

If qualitative factors are not deemed sufficient to conclude that the fair value of the reporting unit more likely than not exceeds its carrying value, then a one-step approach is applied in making an evaluation. The evaluation utilizes multiple valuation methodologies, including a market approach (market price multiples of comparable companies) and an income approach (discounted cash flow analysis). The computations require management to make significant estimates and assumptions, including, among other things, selection of comparable publicly traded companies, the discount rate applied to future earnings reflecting a weighted average cost of capital, and earnings growth assumptions. A discounted cash flow analysis requires management to make various assumptions about future sales, operating margins, capital expenditures, working capital, and growth rates. If the evaluation results in the fair value of the reporting unit being lower than the carrying value, an impairment charge is recorded.

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

Other Intangible Assets

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

Customer relations and supply agreements are amortized on a straight-line basis over the remaining terms of the agreements, which generally range from five to twenty years . Favorable lease arrangements are amortized on a straight-line basis over the remaining lease terms. Non-competition agreements are amortized over the terms of the respective agreements, and loan origination costs are amortized over the life of the underlying debt as an increase to interest expense.

Asset Retirement Obligations

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

Long-lived assets related to Asset Retirement Obligations aggregated $11 million and $13 million , and were reflected as property and equipment, net on our Consolidated Balance Sheets as of December 31, 2018 and 2017 , respectively.

Environmental Liabilities

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

Revenue Recognition

Revenues from motor fuel is recognized either at the time fuel is delivered to the customer or at the time of sale. Shipment and delivery of motor fuel generally occurs on the same day. The Partnership charges wholesale customers for third-party transportation costs, which are recorded net in cost of sales. Through PropCo, our wholly-owned corporate subsidiary, we may sell motor fuel to customers on a commission agent basis, in which we retain title to inventory, control access to and sale of fuel inventory, and recognize revenue at the time the fuel is sold to the ultimate customer. In our fuel distribution and marketing segment, we derive other income from rental income, propane and lubricating oils, and other ancillary product and service offerings. In our all other segment, we derive other income from merchandise, lottery ticket sales, money orders, prepaid phone cards and wireless services, ATM transactions, car washes, movie rentals, and other ancillary product and service offerings. We record revenue from other retail transactions on a net commission basis when a product is sold and/or services are rendered.

Rental Income

Rental income from operating leases is recognized on a straight-line basis over the term of the lease.

Cost of Sales

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

Motor Fuel and Sales Taxes

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

For retail locations where the Partnership holds inventory, including commission agent locations, motor fuel sales and motor fuel cost of sales include motor fuel taxes. Such amounts were $370 million , $234 million and $243 million , for the years ended December 31, 2018 , 2017 and 2016 , respectively. Merchandise sales and cost of merchandise sales are reported net of sales tax in the Consolidated Statements of Operations and Comprehensive Income (Loss).

Deferred Branding Incentives

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

Lease Accounting

The Partnership leases a portion of its properties under non-cancelable operating leases, whose initial terms are typically five to fifteen years, with options permitting renewal for additional periods. Minimum rent is expensed on a straight-line basis over the term of the lease, including renewal periods that are reasonably assured at the inception of the lease. The Partnership is typically responsible for payment of real estate taxes, maintenance expenses, and insurance. The Partnership also leases certain vehicles, and such leases are typically less than five years .

Earnings Per Unit

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

Unit-based Compensation

Under the LP 2012 Long-Term Incentive Plan (the "2012 LTIP") and the Sunoco LP 2018 Long-Term Incentive Plan (the "2018 LTIP"), various types of awards may be granted to employees, consultants, and directors of our General Partner who provide services for us. Compensation expense related to outstanding awards is recognized over the vesting period based on the grant-date fair value. The grant-date fair value is determined based on the market price of our common units on the grant date. We amortize the grant-date fair value of these awards over their vesting period using the straight-line method. Expenses related to unit-based compensation are included in general and administrative expenses.

Income Taxes

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

As a publicly traded limited partnership, we are subject to a statutory requirement that our "qualifying income" (as defined by the Internal Revenue Code, related Treasury Regulations, and IRS pronouncements) exceed 90% of our total gross income, determined on a calendar year basis. If our qualifying income were not to meet this statutory requirement, the Partnership would be taxed as a corporation for federal and state income tax purposes. For the years ended December 31, 2018 , 2017 , and 2016 , our qualifying income met the statutory requirement.

The Partnership conducts certain activities through corporate subsidiaries which are subject to federal, state and local income taxes. These corporate subsidiaries include Sunoco Property Company LLC ("PropCo"), Susser Holdings Corporation ("Susser"), and Aloha. The Partnership and its corporate subsidiaries account for income taxes under the asset and liability method.

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

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

In November 2015, new federal partnership audit procedures were signed into law which are effective for tax years beginning after December 31, 2017. Under the new procedures, a partnership would be responsible for paying the imputed underpayment of tax resulting from audit adjustments in the adjustment year even though partnerships are "pass through entities." However, as an alternative to paying the imputed underpayment of tax at the partnership level, a partnership may elect to provide audit adjustment information to the reviewed year partners, whom in turn would be responsible for paying the imputed underpayment of tax in the adjustment year. The Partnership is currently evaluating the impact, if any, this legislation has on our income taxes policies.

Recently Issued Accounting Pronouncements

FASB ASU No. 2016-02. In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which establishes the principles that lessees and lessors shall apply to report information about the amount, timing, and uncertainty of cash flows arising from a lease. On January 1, 2019, we adopted Accounting Standards Codification ("ASC") Topic 842, which is effective for interim and annual reporting periods beginning on or after December 15, 2018. This Topic requires Balance Sheet recognition of lease assets and lease liabilities for leases classified as operating leases under previous GAAP, excluding short-term leases of 12 months or less. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

To adopt Topic 842, the Partnership has elected the cumulative adjustment approach option to recognize an opening catch-up adjustment to the Consolidated Balance Sheet in the period of adoption, January 1, 2019. We have completed a detailed review of contracts representative of our business and assessed the terms under the new standard. Adoption of the standard had a material impact on our Consolidated Balance Sheet, but did not have an impact on our Consolidated Statement of Operations and Comprehensive Income (Loss) or Consolidated Statement of Cash Flows. The most significant impact was the recognition of right-of-use ("ROU") assets and lease liabilities for operating leases, while our accounting for finance leases remained substantially unchanged.

As a result of the evaluation performed, we currently estimate additional lease assets and lease liabilities of approximately $0.6 billion will be recognized as of January 1, 2019. In addition to the evaluation performed, we have made appropriate design and implementation updates to our business processes, systems, and internal controls to support the on-going reporting requirements under the new standard.

To adopt Topic 842, the Partnership elected the package of practical expedients permitted under the transition guidance within the standard. The expedient package allowed us not to reassess the following: whether existing contracts contained a lease, the lease classification of existing leases, and initial direct costs for existing leases. In addition to the package of practical expedients, the Partnership has elected the following adoption expedients, the exclusion of leases with terms less than 12 months, the portfolio approach to determine discount rates, the election not to separate non-lease components from lease components and the election not to apply the use of hindsight to the active lease population.

Recently Adopted Accounting Pronouncement

FASB ASU No. 2014-09. In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* , as a new Topic, ASC Topic 606. On January 1, 2018 we adopted ASC Topic 606, which is effective for interim and annual reporting periods beginning on or after December 15, 2017. The new standard requires us to recognize revenue when a customer obtains control rather than when we have transferred substantially all risks and rewards of a good or service and requires expanded disclosures. It also outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes ASC 605 - Revenue Recognition and industry-specific guidance.

We have completed a detailed review of revenue contracts representative of our business segments and their revenue streams as of the adoption date. As a result of the evaluation performed, we have determined that the timing and amount of revenue that we recognize on certain contracts is impacted by the adoption of the new standard. These adjustments are primarily related to the change in recognition of dealer incentives and rebates. In addition to the evaluation performed, we have made appropriate design and implementation updates to our business processes, systems and internal controls to support recognition and disclosure under the new standard.

The Partnership has elected to apply the modified retrospective method to adopt the new standard. The implementation of the new standard has an impact on the measurement of recognition of revenue. The cumulative and ongoing effects of the adoption impact the Consolidated Balance Sheet, the Consolidated Statement of Operations and Comprehensive Income (Loss), and the Consolidated Statement of Equity. Additionally, new disclosures have been added in accordance with ASC Topic 606.

Utilizing the practical expedients allowed under the modified retrospective adoption method, ASC Topic 606 was only applied to existing contracts for which the Partnership had remaining performance obligations as of January 1, 2018, and new contracts entered into after January 1, 2018. ASC Topic 606 was not applied to contracts that were completed prior to January 1, 2018.

For contracts in scope of the new revenue standard as of January 1, 2018, we recognized a cumulative effect adjustment to retained earnings to account for the differences in timing of revenue recognition. The comparative information has not been restated under the modified retrospective method and continues to be reported under the accounting standards in effect for those periods.

The material adjustments to the opening balance sheet primarily relate to a change in timing of revenue recognition for variable consideration, such as incentives paid to customers, as well as a change in timing of revenue recognition for franchise fee revenue. Historically, an asset was recognized related to the contract incentives which was amortized over the life of the agreement. Under the new standard, the timing of the recognition of incentives changed due to application of the expected value method to estimate variable

consideration. Additionally, under the new standard, the change in timing of franchise fee revenue is due to the treatment of revenue recognition from the symbolic license over the term of the agreement.

The cumulative effect of the changes made to our consolidated January 1, 2018 Consolidated Balance Sheet for the adoption of ASU No. 2014-09 was as follows:

	Balance at December 31, 2017	Adjustments Due to ASC 606	Balance at January 1, 2018
		(in millions)	
Assets			
Other current assets	$ 81	$ 8	$ 89
Property and equipment, net	1,557	—	1,557
Intangible assets, net	768	(100)	668
Other noncurrent assets	45	39	84
Liabilities and Equity			
Other noncurrent liabilities	125	1	126
Common unitholders	1,947	(54)	1,893

The adoption of the new revenue standard resulted in reclassifications to/from revenue, cost of sales, and operating expenses. Additionally, changes in timing of revenue recognition have required the creation of contract asset or contract liability balances, as well as certain balance sheet reclassifications. In accordance with the requirements of Topic 606, the disclosure below shows the impact of adopting the new standard on the Consolidated Statement of Operations and Comprehensive Income (Loss) and the Consolidated Balance Sheet.

	For the Year Ended December 31, 2018		
	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher/(Lower)
		(in millions)	
Revenues			
Motor fuel sales	$ 16,504	$ 16,555	$ (51)
Rental income	130	130	—
Other	360	359	1
Cost of sales and operating expenses:			
Cost of sales	15,872	15,875	(3)
Other operating	363	371	(8)
Depreciation, amortization and accretion	182	211	(29)

	December 31, 2018		
	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher/(Lower)
		(in millions)	
Assets			
Other current assets	$ 64	$ 52	$ 12
Property and equipment, net	1,546	1,546	—
Intangible assets, net	708	842	(134)
Other noncurrent assets	161	102	59
Liabilities and Equity			
Other noncurrent liabilities	123	122	1
Common unitholders	784	848	(64)

3. Acquisitions

Emerge Fuels Business Acquisition

On August 31, 2016, we acquired the fuels business (the "Fuels Business") from Emerge Energy Services LP (NYSE: EMES) ("Emerge") for $171 million , inclusive of working capital and other adjustments, which was funded using amounts available under our revolving credit facility. The Fuels Business includes two transmix processing plants with attached refined product terminals located in Birmingham, Alabama and the Greater Dallas, Texas metroplex and engages in the processing of transmix and the distribution of refined fuels. Combined, the plants can process over 10,000 barrels per day of transmix, and the associated terminals have over 800,000 barrels of storage capacity.

Management, with the assistance of a third party valuation firm, has determined fair value of assets and liabilities at the date of the Fuels Business acquisition. We determined the value of goodwill by giving consideration to the following qualitative factors:

- synergies created through increased fuel purchasing advantages and integration with our existing wholesale business;
- strategic advantages of owning transmix processing plants and increasing our terminal capacity; and
- competitors processing transmix in the geographic region.

The following table summarizes the final recording of assets and liabilities at their respective carrying values as of the date presented (in millions):

	August 31, 2016
Current assets	$ 27
Property and equipment	51
Goodwill	53
Intangible assets	56
Current liabilities	(16)
Net assets	171
Cash acquired	—
Total cash consideration, net of cash acquired	$ 171

Goodwill acquired in connection with the Emerge acquisition is deductible for tax purposes.

Other Acquisitions

The following is a summary of the preliminary allocation of the purchase price paid to the fair values of the net assets, net of cash acquired, of our 2018 acquisitions (in millions):

	7-Eleven	Superior	Sandford	BRENCO	Schmitt	AMID
Current assets	$ 4	$ 18	$ 39	$ 2	$ 1	$ 3
Property and equipment	20	20	13	7	20	41
Intangible assets	—	12	34	12	16	40
Goodwill	30	10	31	5	9	44
Other noncurrent assets	—	—	—	—	—	1
Current liabilities	—	—	(13)	—	—	(2)
Deferred tax liabilities	—	—	(11)	—	—	—
Other noncurrent liabilities	—	(2)	—	—	—	—
Total	$ 54	$ 58	$ 93	$ 26	$ 46	$ 127

On December 20, 2018, we completed the acquisition of the refined products terminalling business from American Midstream Partners, LP (NYSE: AMID) for approximately $127 million inclusive of working capital adjustments. The refined products terminalling business consists of terminals located in Texas and Arkansas with a combined 21 tanks, approximately 1.3 million barrels of storage capacity and approximately 77,500 barrels per day of total throughput capacity. Management, with the assistance of a third party valuation firm, is in the process of evaluating the purchase price allocation. As a result, material adjustments to this preliminary allocation may occur in the future. The acquisition preliminarily increased goodwill by $44 million .

On December 18, 2018, we completed the acquisition of the wholesale fuel distribution business from Schmitt Sales, Inc. (“Schmitt”) for approximately $46 million inclusive of working capital adjustments. The acquired wholesale fuels business distributes approximately 180 million gallons of fuel annually across a network of dealer and commission agent-operated locations in the Upstate New York and Pennsylvania markets. Management, with the assistance of a third party valuation firm, is in the process of evaluating the purchase price allocation. As a result, material adjustments to this preliminary allocation may occur in the future. The acquisitions preliminarily increased goodwill by $9 million .

On October 16, 2018, we completed the acquisition of BRENCO Marketing Corporation’s fuel distribution business (“BRENCO”) for approximately $26 million inclusive of working capital adjustments. The acquired wholesale fuels business distributes approximately 95 million gallons of fuel annually across a network of approximately 160 dealer and commission agent-operated locations and 100 commercial accounts in Central and East Texas. Management, with the assistance of a third party valuation firm, is in the process of evaluating the purchase price allocation. As a result, material adjustments to this preliminary allocation may occur in the future. The acquisition preliminarily increased goodwill by $5 million .

On August 1, 2018, we completed the acquisition of the equity interests of Sandford Energy, LLC, Sandford Transportation, LLC and their respective subsidiaries (“Sandford”) for approximately $93 million inclusive of working capital and other adjustments. The acquired wholesale fuels business distributes approximately 115 million gallons of fuel annually to exploration, drilling and oil field services customers, primarily in basins in Central and West Texas and Oklahoma. Management, with the assistance of a third party valuation firm, is in the process of evaluating the purchase price allocation. As a result, material adjustments to this preliminary allocation may occur in the future. The acquisition preliminarily increased goodwill by $31 million .

On April 25, 2018, we completed the acquisition of wholesale fuel distribution assets and related terminal assets from Superior Plus Energy Services, Inc. (“Superior”) for approximately $58 million inclusive of working capital adjustments. The assets consist of a network of approximately 100 dealers, several hundred commercial contracts and three terminals, which are connected to major pipelines serving the Upstate New York market. Management, with the assistance of a third party valuation firm, is in the process of evaluating the purchase price allocation. As a result, material adjustments to this preliminary allocation may occur in the future. The acquisition preliminarily increased goodwill by $10 million .

On April 2, 2018, we completed the acquisition of 26 retail fuel outlets from 7-Eleven and SEI Fuel (“7-Eleven Purchase”) for approximately $54 million . We subsequently converted the acquired stations from company-operated sites to commission agent locations. Management, with the assistance of a third party valuation firm evaluated the purchase price allocation. The acquisition increased goodwill by $30 million .

On October 12, 2016, we completed the acquisition of convenience store, wholesale motor fuel distribution, and commercial fuels distribution businesses serving East Texas and Louisiana from Denny Oil Company (“Denny”) for approximately $55 million . This acquisition included six company-owned and operated locations, six company-owned and dealer operated locations, wholesale fuel supply contracts for a network of independent dealer-owned and dealer-operated locations, and a commercial fuels business in the Eastern Texas and Louisiana markets. As part of the acquisition, we acquired 13 fee properties, which included the six company operated locations, six dealer operated locations, and a bulk plant and an office facility. Management, with the assistance of a third party valuation firm, has determined the fair value of the assets at the date of acquisition which has increased goodwill by $19 million .

On June 22, 2016, we acquired 14 convenience stores and the wholesale fuel business in the Austin, Houston, and Waco, Texas markets from Kolkhorst Petroleum Inc. (“Kolkhorst”) for $39 million . This acquisition include 5 fee properties and 9 leased properties, all of which are company operated. The acquisition also included supply contracts with dealer-owned and operated sites. Management, with the assistance of a third party valuation firm, has determined the fair value of the assets at the date of acquisition which has increased goodwill by $19 million .

On June 22, 2016, we acquired 18 retail stores serving the upstate New York market from Valentine Stores, Inc. (“Valentine”) for $78 million . This acquisition included 19 fee properties (of which 18 are company operated retail stores and one is a standalone Tim Hortons), one leased Tim Hortons property, and three raw tracts of land in fee for future store development. Management, with the assistance of a third party valuation firm, determined the fair value of the assets at the date of acquisition which has increased goodwill by $42 million .

The other acquisitions were all assets acquisitions except for Sandford and AMID, which were equity acquisitions, and any goodwill created from these acquisitions is deductible for tax purposes.

4. Discontinued Operations

On January 23, 2018, we completed the disposition of assets pursuant to the Amended and Restated Asset Purchase Agreement entered by and among Sellers, Buyers and certain other named parties for the limited purposes set forth therein, pursuant to which the parties agreed to amend and restate the 7-Eleven Purchase Agreement to reflect commercial agreements and updates made by the parties

in connection with consummation of the transactions contemplated by the 7-Eleven Purchase Agreement. Subsequent to the closing of the 7-Eleven Transaction, previously eliminated wholesale motor fuel sales to the Partnership's retail locations are reported as wholesale motor fuel sales to third parties. Also, the related accounts receivable from such sales ceased to be eliminated from the Consolidated Balance Sheets and are reported as accounts receivable.

In connection with the closing of the transactions contemplated by the 7-Eleven Purchase Agreement, we entered into a Distributor Motor Fuel Agreement dated as of January 23, 2018 (the "Supply Agreement"), with 7-Eleven and SEI Fuel. The Supply Agreement consists of a 15-year take-or-pay fuel supply arrangement under which we have agreed to supply approximately 2.0 billion gallons of fuel annually plus additional aggregate growth volumes of up to 500 million gallons to be added incrementally over the first four years. For the period from January 1, 2018 through January 22, 2018, and the years ended December 31, 2017 and 2016 , we recorded sales to the sites that were subsequently sold to 7-Eleven of $199 million , $3.2 billion and $2.6 billion , respectively, that were eliminated in consolidation. We received payments on trade receivables from 7-Eleven of $3.4 billion during the year ended December 31, 2018 , subsequent to the closing of the sale.

On January 18, 2017, with the assistance of a third-party brokerage firm, we launched a portfolio optimization plan to market and sell 97 real estate assets. Real estate assets included in this process are company-owned locations, undeveloped greenfield sites and other excess real estate. Properties are located in Florida, Louisiana, Massachusetts, Michigan, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas and Virginia. The properties will be sold through a sealed-bid sale. Of the 97 properties, 51 have been sold, one is under contract to be sold and four continue to be marketed by the third-party brokerage firm. Additionally, 32 were sold to 7-Eleven and nine are part of the approximately 207 retail sites located in certain West Texas, Oklahoma and New Mexico markets which are operated by a commission agent.

The Partnership has concluded that it meets the accounting requirements for reporting the financial position, results of operations and cash flows of the Retail Divestment as discontinued operations. See Note 1 for further information regarding the Retail Divestment.

The following tables present the aggregate carrying amounts of assets and liabilities classified as held for sale in the Consolidated Balance Sheets:

	December 31, 2018	December 31, 2017
	(in millions)	
Carrying amount of assets held for sale:		
Cash	$ —	$ 21
Inventories	—	149
Other current assets	—	16
Property and equipment, net	—	1,851
Goodwill	—	796
Intangible assets, net	—	477
Other noncurrent assets	—	3
Total assets held for sale	$ —	$ 3,313
Carrying amount of liabilities associated with assets held for sale:		
Long term debt	$ —	$ 21
Other current and noncurrent liabilities	—	54
Total liabilities associated with assets held for sale	$ —	$ 75

The Partnership recorded transaction costs of $3 million during 2018, and recorded transaction costs of $37 million and unit-based compensation of $6 million during 2017, as a result of the 7-Eleven Transaction.

The Partnership recorded a $4 million impairment charge to property and equipment during 2017, as a result of the effects of Hurricane Harvey on the Partnership's retail operations within discontinued operations.

The results of operations associated with discontinued operations are presented in the following table:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Revenues:			
Motor fuel sales	$ 256	$ 5,137	$ 3,923
Other (1)	93	1,827	1,789
Total revenues	349	6,964	5,712
Cost of sales and operating expenses:			
Cost of sales	305	5,806	4,649
General and administrative	7	168	114
Other operating	57	707	685
Rent	4	56	59
Loss on disposal of assets and impairment charge	61	286	455
Depreciation, amortization and accretion expense	—	34	143
Total cost of sales and operating expenses	434	7,057	6,105
Operating loss	(85)	(93)	(393)
Interest expense, net	2	36	28
Loss on extinguishment of debt	20	—	—
Loss from discontinued operations before income taxes	(107)	(129)	(421)
Income tax expense	158	48	41
Loss from discontinued operations, net of income taxes	$ (265)	$ (177)	$ (462)

(1) Other revenue includes merchandise sales totaling $89 million , $1.8 billion and $1.7 billion for the years ended December 31, 2018 , 2017 and 2016 , respectively.

5. Accounts Receivable, net

Accounts receivable, net, consisted of the following:

	December 31, 2018	December 31, 2017
	(in millions)	
Accounts receivable, trade	$ 299	$ 285
Credit card receivables	49	160
Vendor receivables for rebates, branding, and other	1	29
Other receivables	27	69
Allowance for doubtful accounts	(2)	(2)
Accounts receivable, net	$ 374	$ 541

6. Inventories, net

Due to changes in fuel prices, we recorded a write-down on the value of fuel inventory of $85 million at December 31, 2018.

Inventories consisted of the following:

	December 31, 2018	December 31, 2017
	(in millions)	
Fuel	$ 363	$ 387
Other	11	39
Inventories, net	$ 374	$ 426

7. Property and Equipment, net

Property and equipment, net consisted of the following:

	December 31, 2018	December 31, 2017
	(in millions)	
Land	$ 518	$ 516
Buildings and leasehold improvements	727	714
Equipment	810	623
Construction in progress	78	159
Total property and equipment	2,133	2,012
Less: accumulated depreciation	587	455
Property and equipment, net	$ 1,546	$ 1,557

Depreciation expense on property and equipment was $129 million , $102 million and $111 million for the years ended December 31, 2018 , 2017 and 2016 , respectively.

8. Goodwill and Other Intangible Assets

Goodwill

Goodwill balances and activity for the years ended December 31, 2018 and 2017 consisted of the following:

	Segment		
	Fuel Distribution and Marketing	All Other	Consolidated
	(in millions)		
Balance at December 31, 2016	$ 770	$ 780	$ 1,550
Goodwill adjustment related to Emerge acquisition	(25)	—	(25)
Goodwill adjustment related to Denny acquisition	7	—	7
Goodwill impairment charge	—	(102)	(102)
Balance at December 31, 2017	752	678	1,430
Goodwill related to 7-Eleven Purchase	30	—	30
Goodwill related to Superior acquisition	10	—	10
Goodwill related to Sandford acquisition	31	—	31
Goodwill related to BRENCO Acquisition	5	—	5
Goodwill related to AMID acquisition	44	—	44
Goodwill related to Schmitt acquisition	9	—	9
Balance at December 31, 2018	$ 881	$ 678	$ 1,559

Goodwill represents the excess of the purchase price of an acquired entity over the amounts allocated to the assets acquired and liabilities assumed in a business combination. During the year ended December 31, 2018 , we performed our evaluation of the 7-Eleven

Purchase, AMID, Schmitt, BRENCO, Sandford and Superior acquisitions' purchase accounting analyses with the assistance of a third party valuation firm. Goodwill is recorded at the acquisition date based on a preliminary purchase price allocation and generally may be adjusted when the purchase price allocation is finalized in accordance with ASC 350-20-35 " *Goodwill - Subsequent Measurements* ".

During 2016, management performed goodwill impairment testing on its reporting units included in assets held for sale resulting in impairment charges of $642 million . Of this amount, $227 million was allocated to the sites reclassified to continuing operations in the fourth quarter within the retail and Stripes reporting units. During 2017, management performed goodwill impairment testing on its reporting units included in assets held for sale resulting in impairment charges of $387 million . Of this amount, $102 million was allocated to the sites reclassified to continuing operations in the fourth quarter within the retail and Stripes reporting units. Once allocated, management performed goodwill impairment tests on both reporting units to which the goodwill balances were allocated. No goodwill impairment was identified for the retail or Stripes reporting units as a result of these tests. During 2018 , management performed goodwill impairment testing on its reporting units. No goodwill impairment was identified for the reporting units as a result of these tests.

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

Other Intangibles

Gross carrying amounts and accumulated amortization for each major class of intangible assets, excluding goodwill, consisted of the following:

	December 31, 2018			December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	(in millions)					
Indefinite-lived						
Tradenames	$ 295	$ —	$ 295	$ 295	$ —	$ 295
Contractual rights	—	—	—	30	—	30
Liquor licenses	12	—	12	12	—	12
Finite-lived						
Customer relations including supply agreements (1)	579	198	381	674	256	418
Favorable leasehold arrangements, net	10	3	7	12	5	7
Loan origination costs (2)	9	1	8	10	6	4
Other intangibles	10	5	5	5	3	2
Intangible assets, net	$ 915	$ 207	$ 708	$ 1,038	$ 270	$ 768

(1) Decrease in gross carrying amount is mainly due to the adoption of ASU No. 2014-09, *Revenue from Contracts with Customers,* see Note 2.

(2) Loan origination costs are associated with the the Revolving Credit Agreement, see Note 10 for further information.

We review amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If such a review should indicate that the carrying amount of amortizable intangible assets is not recoverable, we reduce the carrying amount of such assets to fair value. We review non-amortizable intangible assets for impairment annually, or more frequently if circumstances dictate.

During the fourth quarter of 2016 and 2017, we performed the annual impairment tests on our indefinite-lived intangible assets, including intangible assets in assets held for sale. We recognized $32 million of impairment charges on our Laredo Taco Company trade name in 2016, and recognized $13 million and $4 million of impairment charge on our contractual rights and liquor licenses, respectively, in 2017. During the fourth quarter of 2018 , we performed the annual impairment tests on our indefinite-lived intangible assets and recognized $30 million of impairment charge on our contractual rights, primarily due to decreases in projected future revenues and cash flows from the date the intangible asset was originally recorded.

Total amortization expense on finite-lived intangibles included in depreciation, amortization and accretion was $43 million , $61 million and $61 million for the years ended December 31, 2018 , 2017 and 2016 , respectively.

Customer relations and supply agreements have a remaining weighted-average life of approximately 10 years. Favorable leasehold arrangements have a remaining weighted-average life of approximately 13 years. Other intangible assets have a remaining weighted-average life of approximately 5 years. Loan origination costs have a remaining weighted-average life of approximately 5 years.

As of December 31, 2018 , the Partnership's estimate of amortization includable in amortization expense and interest expense for each of the five succeeding fiscal years and thereafter for finite-lived intangibles is as follows (in millions):

	Amortization	Interest
2019	$ 57	$ 2
2020	56	2
2021	53	2
2022	43	2
2023	38	—
Thereafter	146	—
Total	$ 393	$ 8

9. Accrued Expenses and Other Current Liabilities

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

	December 31, 2018	December 31, 2017
	(in millions)	
Wage and other employee-related accrued expenses	$ 41	$ 72
Accrued tax expense	91	180
Accrued insurance	31	26
Accrued interest expense	47	43
Dealer deposits	18	16
Accrued environmental expense	6	—
Other	65	31
Total	$ 299	$ 368

10. Long-Term Debt

Long-term debt consisted of the following:

	December 31, 2018	December 31, 2017
	(in millions)	
Term Loan (1)	$ —	$ 1,243
Sale leaseback financing obligation	107	113
2018 Revolver	700	—
2014 Revolver (2)	—	765
4.875% Senior Notes Due 2023	1,000	—
5.500% Senior Notes Due 2026	800	—
5.875% Senior Notes Due 2028	400	—
6.375% Senior Notes Due 2023 (3)	—	800
5.500% Senior Notes Due 2020 (3)	—	600
6.250% Senior Notes Due 2021 (3)	—	800
Other	1	3
Total debt	3,008	4,324
Less: current maturities	5	6
Less: debt issuance costs	23	34
Long-term debt, net of current maturities	$ 2,980	$ 4,284

(1) The Term Loan was repaid in full and terminated on January 23, 2018.

(2) The 2014 Revolver was repaid in full on July 27, 2018.

(3) Senior Notes were redeemed on January 23, 2018.

At December 31, 2018 , scheduled future debt principal maturities are as follows (in millions):

2019	$ 5
2020	6
2021	6
2022	6
2023	1,706
Thereafter	1,279
Total	$ 3,008

Term Loan

The senior secured term loan agreement (the “Term Loan”) provided secured financing in an aggregate principal amount of up to $2.035 billion , which we borrowed in full.

The Term Loan was repaid in full and terminated on January 23, 2018. See 2018 Private Offerings of Senior Notes below.

2018 Private Offering of Senior Notes

On January 23, 2018, we and certain of our wholly owned subsidiaries, including Sunoco Finance Corp. (together with the Partnership, the "Issuers") completed a private offering of $2.2 billion of senior notes, comprised of $1.0 billion in aggregate principal amount of 4.875% senior notes due 2023 (the "2023 Notes"), $800 million in aggregate principal amount of 5.500% senior notes due 2026 (the "2026 Notes") and $400 million in aggregate principal amount of 5.875% senior notes due 2028 (the "2028 Notes" and, together with the 2023 Notes and the 2026 Notes, the "Notes").

The terms of the Notes are governed by an indenture dated January 23, 2018, among the Issuers, and certain other subsidiaries of the Partnership (the "Guarantors") and U.S. Bank National Association, as trustee. The 2023 Notes will mature on January 15, 2023 and interest is payable semi-annually on January 15 and July 15 of each year, commencing July 15, 2018. The 2026 Notes will mature on February 15, 2026 and interest is payable semi-annually on February 15 and August 15 of each year, commencing August 15, 2018. The 2028 Notes will mature on March 15, 2028 and interest is payable semi-annually on March 15 and September 15 of each year, commencing September 15, 2018. The Notes are senior obligations of the Issuers and are guaranteed on a senior basis by all of the Partnership's existing subsidiaries and certain of its future subsidiaries. The Notes and guarantees are unsecured and rank equally with all of the Issuers' and each Guarantor's existing and future senior obligations. The Notes and guarantees are effectively subordinated to the Issuers' and each Guarantor's secured obligations, including obligations under the Partnership's 2018 Revolver (as defined below), to the extent of the value of the collateral securing such obligations, and structurally subordinated to all indebtedness and obligations, including trade payables, of the Partnership's subsidiaries that do not guarantee the Notes. ETC M-A Acquisition LLC ("ETC M-A"), a subsidiary of ET, guarantees collection to the Issuers with respect to the payment of the principal amount of the Notes. ETC M-A is not subject to any of the covenants under the Indenture.

In connection with our issuance of the Notes, we entered into a registration rights agreement with the initial purchasers pursuant to which we agreed to complete an offer to exchange the Notes for an issue of registered notes with terms substantively identical to each series of Notes and evidencing the same indebtedness as the Notes on or before January 23, 2019. The exchange offer was completed on December 3, 2018.

The Partnership used the proceeds from the private offering, along with proceeds from the 7-Eleven Transaction, to: 1) redeem in full our existing senior notes as of December 31, 2017, comprised of $800 million in aggregate principal amount of 6.250% senior notes due 2021, $600 million in aggregate principal amount of 5.500% senior notes due 2020, and $800 million in aggregate principal amount of 6.375% senior notes due 2023; 2) repay in full and terminate the Term Loan; 3) pay all closing costs in connection with the 7-Eleven Transaction; 4) redeem the outstanding Series A Preferred Units held by ETE for an aggregate redemption amount of approximately $313 million ; and 5) repurchase 17,286,859 SUN common units owned by subsidiaries of ETP for aggregate cash consideration of approximately $540 million .

6.250% Senior Notes Due 2021

The $800 million 6.250% senior notes due 2021 (the "2021 Senior Notes") were redeemed and the indenture governing the 2021 Senior Notes was discharged on January 23, 2018. The redemption amount includes the original consideration of $800 million and $32 million call premium plus accrued and unpaid interest. See 2018 Private Offerings of Senior Notes above.

5.500% Senior Notes Due 2020

The $600 million 5.500% senior notes due 2020 (the "2020 Senior Notes") were redeemed and the indenture governing the 2020 Senior Notes was discharged on January 23, 2018. The redemption amount includes the original consideration of $600 million and $17 million call premium plus accrued and unpaid interest. See 2018 Private Offerings of Senior Notes above.

6.375% Senior Notes Due 2023

The $800 million 6.375% senior notes due 2023 (the "2023 Senior Notes") were redeemed and the indenture governing the 2023 Senior Notes was discharged on January 23, 2018. The redemption amount includes the original consideration of $800 million and $44 million call premium plus accrued and unpaid interest. See 2018 Private Offerings of Senior Notes above.

Revolving Credit Agreement

On July 27, 2018, we entered into a new Amended and Restated Credit Agreement among the Partnership, as borrower, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, collateral agent, swingline lender and a line of credit issuer (the "2018 Revolver"). Borrowings under the 2018 Revolver were used to pay off the Partnership's existing revolving credit facility entered into on September 25, 2014 (the "2014 Revolver").

The 2018 Revolver is a $1.50 billion revolving credit facility, expiring July 27, 2023 (which date may be extended in accordance with the terms of the 2018 Revolver). The facility can be increased from time to time upon the Partnership's written request, subject to certain conditions, up to an additional $750 million . Borrowings under the revolving credit facility will bear interest at a base rate (a rate based off of the higher of (a) the Federal Funds Rate (as defined in the 2018 Revolver) plus 0.5% , (b) Bank of America's prime rate and (c) one-month LIBOR (as defined therein) plus 1.00%) or LIBOR, in each case plus an applicable margin ranging from 1.25% to 2.25% , in the case of a LIBOR loan, or from 0.250% to 1.25% , in the case of a base rate loan (determined with reference to the Partnership's Net Leverage Ratio as defined in the 2018 Revolver). Upon the first achievement by the Partnership of an investment grade credit rating, the applicable margin will decrease to a range of 1.125% to 1.75% , in the case of a LIBOR loan, or from 0.125% to 0.750% , in the case of a base rate loan (determined with reference to the credit rating for the Partnership's senior, unsecured, non-credit enhanced long-term debt and the Partnership's corporate issuer rating). Interest is payable quarterly if the base rate applies, at the end of the applicable interest period if LIBOR applies and at the end of the month if daily floating LIBOR applies. In addition, the unused portion of the Partnership's revolving credit facility will be subject to a commitment fee ranging from 0.250% to 0.350% , based on the Partnership's Leverage Ratio. Upon the first achievement by the Partnership of an investment grade credit rating, the commitment fee will decrease to a range of 0.125% to 0.350% , based on the Partnership's credit rating as described above.

The 2018 Revolver requires the Partnership to maintain a Net Leverage Ratio of not more than 5.50 to 1.00. The maximum Net Leverage Ratio is subject to upwards adjustment of not more than 6.00 to 1.00 for a period not to exceed three fiscal quarters in the event the Partnership engages in certain specified acquisitions of not less than $50 million (as permitted under the 2018 Revolver). The 2018 Revolver also requires the Partnership to maintain an Interest Coverage Ratio (as defined in the 2018 Revolver) of not less than 2.25 to 1.00.

Indebtedness under the 2018 Revolver is secured by a security interest in, among other things, all of the Partnership's present and future personal property and all of the present and future personal property of its guarantors, the capital stock of its material subsidiaries (or 66% of the capital stock of material foreign subsidiaries), and any intercompany debt. Upon the first achievement by the Partnership of an investment grade credit rating, all security interests securing the 2018 Revolver will be released.

As of December 31, 2018 , the balance on the 2018 Revolver was $700 million , and $8 million in standby letters of credit were outstanding. The unused availability on the 2018 Revolver at December 31, 2018 was $792 million . The Partnership was in compliance with all financial covenants at December 31, 2018 .

Sale Leaseback Financing Obligation

On April 4, 2013, Southside Oil, LLC ("Southside") completed a sale leaseback transaction with two separate companies for 50 of its dealer operated sites. As Southside did not meet the criteria for sale leaseback accounting, this transaction was accounted for as a financing arrangement over the course of the lease agreement. The obligations mature in varying dates through 2033, require monthly interest and principal payments, and bear interest at 5.125% . The obligation related to this transaction is included in long-term debt and the balance outstanding as of December 31, 2018 was $107 million .

Fair Value of Debt

The estimated fair value of debt is calculated using Level 2 inputs. The fair value of debt as of December 31, 2018 , is estimated to be approximately $2.9 billion , based on outstanding balances as of the end of the period using current interest rates for similar securities.

11. Other Noncurrent Liabilities

Other noncurrent liabilities consisted of the following:

	December 31, 2018	December 31, 2017
	(in millions)	
Accrued straight-line rent	$ 12	$ 13
Reserve for underground storage tank removal	54	41
Reserve for environmental remediation, long-term	29	23
Unfavorable lease liability	16	10
Aloha acquisition contingent consideration	—	15
Other	12	23
Total	$ 123	$ 125

We record an asset retirement obligation for the estimated future cost to remove underground storage tanks. Revisions to the liability could occur due to changes in tank removal costs, tank useful lives or if federal and/or state regulators enact new guidance on the removal of such tanks. Changes in the carrying amount of asset retirement obligations for the years ended December 31, 2018 and 2017 were as follows:

	Year Ended December 31,	
	2018	2017
	(in millions)	
Balance at beginning of year	$ 41	$ 34
Liabilities incurred	4	3
Liabilities settled	(1)	(2)
Accretion expense	10	6
Balance at end of year	$ 54	$ 41

12. Related-Party Transactions

We are party to fee-based commercial agreements with various affiliates of ETO for pipeline, terminalling and storage services. We also have agreements with subsidiaries of ETO for the purchase and sale of fuel. In addition, we are party to two related products purchase agreements, one with Philadelphia Energy Solutions Refining & Marketing ("PES") and one with PES's product financier Merrill Lynch Commodities; both purchase agreements contain 12 -month terms that automatically renew for consecutive 12 -month terms until either party cancels with notice. ETP Retail Holdings, LLC ("ETP Retail"), a subsidiary of ETO, owns a noncontrolling interest in the parent of PES. Beginning in the third quarter of 2018, PES was no longer considered an affiliate of ETO as ETO was no longer considered to have any significant influence over PES's management or operations.

Summary of Transactions

Related party transactions with affiliates for the years ended December 31, 2018 , 2017 , and 2016 were as follows (in millions):

	Year Ended December 31,		
	2018	2017	2016
Motor fuel sales to affiliates	$ 33	$ 55	$ 62
Bulk fuel purchases from affiliates	$ 1,947	$ 2,416	$ 1,867

Included in the bulk fuel purchases above are purchases from PES, which constitutes 8.3% , 19.6% and 20.3% of our total cost of sales for the years ended December 31, 2018 , 2017 and 2016 , respectively.

Additional significant affiliate activity related to the Consolidated Balance Sheets are as follows:

- Net advances from affiliates were $24 million and $85 million at December 31, 2018 and 2017 , respectively. Advances to and from affiliates are primarily related to the treasury services agreements between Sunoco LLC and Sunoco (R&M), LLC and Sunoco Retail and Sunoco (R&M), LLC, which are in place for purposes of cash management.
- Net accounts receivable from affiliates were $37 million and $155 million at December 31, 2018 and 2017 , respectively, which are primarily related to motor fuel sales to affiliates.
- Net accounts payable to affiliates was $149 million and $206 million as of December 31, 2018 and 2017 , respectively, attributable to operational expenses.

13. Revenue

Disaggregation of Revenue

We operate our business in two primary segments, fuel distribution and marketing and all other. We disaggregate revenue within the segments by channels.

The following table depicts the disaggregation of revenue by channel within each segment:

	Year Ended December 31, 2018
	(in millions)
Fuel Distribution and Marketing Segment	
Dealer	$ 3,639
Distributor	7,873
Unbranded Wholesale	2,577
Commission Agent	1,377
Rental income	118
Other	48
Total	15,632
All Other Segment	
Motor Fuel	1,038
Rental income	12
Other	312
Total	1,362
Total Revenue	$ 16,994

Fuel Distribution and Marketing Revenue

The Partnership's fuel distribution and marketing operations earn revenue from the following channels: sales to Dealers, sales to Distributors, Unbranded Wholesale Revenue, Commission Agent Revenue, Rental Income and Other Income. Motor fuel revenue consists primarily of the sale of motor fuel under supply agreements with third party customers and affiliates. Fuel supply contracts with our customers generally provide that we distribute motor fuel at a formula price based on published rates, volume-based profit margin, and other terms specific to the agreement. The customer is invoiced the agreed-upon price with most payment terms ranging less than 30 days. If the consideration promised in a contract includes a variable amount, the Partnership estimates the variable consideration amount and factors in such an estimate to determine the transaction price under the expected value method.

Revenue is recognized under the motor fuel contracts at the point in time the customer takes control of the fuel. At the time control is transferred to the customer the sale is considered final, because the agreements do not grant customers the right to return motor fuel. Under the new standard, to determine when control transfers to the customer, the shipping terms of the contract are assessed as shipping terms are considered a primary indicator of the transfer of control. For FOB shipping point terms, revenue is recognized at the time of shipment. The performance obligation with respect to the sale of goods is satisfied at the time of shipment since the customer gains control at this time under the terms. Shipping and/or handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs. Once the goods are shipped, the Partnership is precluded from redirecting the shipment to another customer and revenue is recognized.

Commission agent revenue consists of sales from commission agent agreements between the Partnership and select operators. The Partnership supplies motor fuel to sites operated by commission agents and sells the fuel directly to the end customer. In commission agent arrangements, control of the product is transferred at the point in time when the goods are sold to the end customer. To reflect the transfer of control, the Partnership recognizes commission agent revenue at the point in time fuel is sold to the end customer.

The Partnership receives rental income from leased or subleased properties. Revenues from leasing arrangements for which we are the lessor are recognized ratably over the term of the underlying lease.

All Other Revenue

The Partnership's all other operations earn revenue from the following channels: Motor Fuel Sales, Rental Income and Other Income. Motor Fuel Sales consist of fuel sales to consumers at company-operated retail stores. Other Income includes merchandise revenue that comprises the in-store merchandise and foodservice sales at company-operated retail stores, and other revenue that represents a variety of other services within our all other segment including credit card processing, car washes, lottery, automated teller machines, money orders, prepaid phone cards and wireless services. Revenue from all other operations is recognized when (or as) the performance obligations are satisfied (i.e. when the customer obtains control of the good or the service is provided).

Contract Balances with Customers

The Partnership satisfies its obligations by transferring goods or services in exchange for consideration from customers. The timing of performance may differ from the timing the associated consideration is paid to or received from the customer, thus resulting in the recognition of a contract asset or a contract liability.

The Partnership recognizes a contract asset when making upfront consideration payments to certain customers. The upfront considerations represent a pre-paid incentive, as these payments are not made for distinct goods or services provided by the customer. The pre-payment incentives are recognized as a contract asset upon payment and amortized as a reduction of revenue over the term of the specific agreement.

The Partnership recognizes a contract liability if the customer's payment of consideration precedes the Partnership's fulfillment of the performance obligations. We maintain some franchise agreements requiring dealers to make one-time upfront payments for long term license agreements. The Partnership recognizes a contract liability when the upfront payment is received and recognizes revenue over the term of the license.

The balances of receivables from contracts with customers listed in the table below include both current trade receivables and long-term receivables, net of allowance for doubtful accounts. The allowance for receivables represents our best estimate of the probable losses associated with potential customer defaults. We determine the allowance based on historical experience and on a specific identification basis.

The opening and closing balances of the Partnership's contract assets and contract liabilities are as follows:

	Balance at January 1, 2018	Balance at December 31, 2018	Increase/ (Decrease)
		(in millions)	
Contract Balances			
Contract Asset	$ 51	$ 75	$ 24
Accounts receivable from contracts with customers	$ 445	$ 348	$ (97)
Contract Liability	$ 1	$ 1	—

The amount of revenue recognized in the year ended December 31, 2018 that was included in the opening contract liability balance was $0.6 million . This amount of revenue is a result of changes in the transaction price of the Partnership's contracts with customers. The difference in the opening and closing balances of the contract asset and contract liability primarily results from the timing difference between the Partnership's performance and the customer's payment.

Performance Obligations

At contract inception, the Partnership assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, the Partnership considers all the goods or services promised in the contract, whether explicitly stated or implied based on customary business practices. For a contract that has more than one performance obligation, the Partnership allocates the total contract consideration to each distinct performance obligation on a relative standalone selling price basis. Revenue is recognized when (or as) the performance obligations are satisfied, that is, when the customer obtains control of the good or the service is provided.

The Partnership distributes fuel under long-term contracts to branded distributors, branded and unbranded third party dealers, and branded and unbranded retail fuel outlets. Sunoco-branded supply contracts with distributors generally have both time and volume commitments that establish contract duration. These contracts have an initial term of approximately nine years, with an estimated, volume-weighted term remaining of approximately four years.

As part of the 7-Eleven Purchase Agreement, the Partnership and 7-Eleven and SEI Fuel (collectively, the "Distributor") have entered into a 15-year take-or-pay fuel supply agreement in which the Distributor is required to purchase a volume of fuel that provides the Partnership a minimum amount of gross profit annually. We expect to recognize this revenue in accordance with the contract as we transfer control of the product to the customer. However, in case of annual shortfall we will recognize the amount payable by the Distributor at the sooner of the time at which the Distributor makes up the shortfall or becomes contractually or operationally unable to do so. The transaction price of the contract is variable in nature, fluctuating based on market conditions. The Partnership has elected to take the practical expedient not to estimate the amount of variable consideration allocated to wholly unsatisfied performance obligations.

In some contractual arrangements, the Partnership grants dealers a franchise license to operate the Partnership's retail stores over the life of a franchise agreement. In return for the grant of the retail store license, the dealer makes a one-time nonrefundable franchise fee payment to the Partnership plus sales based royalties payable to the Partnership at a contractual rate during the period of the franchise agreement. Under the requirements of ASC Topic 606, the franchise license is deemed to be a symbolic license for which recognition of

revenue over time is the most appropriate measure of progress toward complete satisfaction of the performance obligation. Revenue from this symbolic license is recognized evenly over the life of the franchise agreement.

As of December 31, 2018 , the aggregate amount of revenue expected to be recognized related to unsatisfied or partially satisfied franchise fee performance obligations (contract liabilities) is approximately $0.4 million in 2019 , $0.2 million in 2020 , $0.1 million in 2021 , and $0.1 million thereafter.

Costs to Obtain or Fulfill a Contract

The Partnership recognizes an asset from the costs incurred to obtain a contract (e.g. sales commissions) only if it expects to recover those costs. On the other hand, the costs to fulfill a contract are capitalized if the costs are specifically identifiable to a contract, would result in enhancing resources that will be used in satisfying performance obligations in future, and are expected to be recovered. These capitalized costs are recorded as a part of other current assets and other noncurrent assets and are amortized as a reduction of revenue on a systematic basis consistent with the pattern of transfer of the goods or services to which such costs relate. The amount of amortization on these capitalized costs that the Partnership recognized in the year ended December 31, 2018 was $14 million . The Partnership has also made a policy election of expensing the costs to obtain a contract, as and when they are incurred, in cases where the expected amortization period is one year or less.

Practical Expedients Selected by the Partnership

For the period ended December 31, 2018 , the Partnership elected the following practical expedients in accordance with ASC 606:

- **Significant financing component -** The Partnership elected not to adjust the promised amount of consideration for the effects of significant financing component if the Partnership expects at contract inception that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less.
- **Incremental costs of obtaining a contract** - The Partnership generally expenses sales commissions when incurred because the amortization period would have been less than one year. We record these costs within general and administrative expenses. The Partnership elected to expense the incremental costs of obtaining a contract when the amortization period for such contracts would have been one year or less.
- **Shipping and handling costs** - The Partnership elected to account for shipping and handling activities that occur after the customer has obtained control of a good as fulfillment activities (i.e., an expense) rather than as a promised service.
- **Measurement of transaction price** - The Partnership has elected to exclude from the measurement of transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Partnership from a customer (i.e., sales tax, value added tax, etc).
- **Variable consideration of wholly unsatisfied performance obligations -** The Partnership has elected to exclude the estimate of variable consideration to the allocation of wholly unsatisfied performance obligations.

14. Commitments and Contingencies

Commitments

The Partnership leases certain retail stores and other properties under non-cancellable operating leases whose initial terms are typically 5 to 15 years , with some having a term of 40 years or more, along with options that permit renewals for additional periods. Minimum rent is expensed on a straight-line basis over the term of the lease. In addition, certain leases require additional contingent payments based on sales or motor fuel volumes. We typically are responsible for payment of real estate taxes, maintenance expenses and insurance. These properties are either sublet to third parties or used for our convenience store operations.

Net rent expense consisted of the following:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Cash rent:			
Store base rent (1)(2)	$ 70	$ 66	$ 66
Equipment and other rent (3)	2	14	14
Total cash rent	72	80	80
Non-cash rent:			
Straight-line rent	—	1	1
Net rent expense	$ 72	$ 81	$ 81

(1) Store base rent includes minimum guaranteed payments under service concession arrangements with New Jersey Turnpike Authority and New York Thruway Authority and the Partnership's rent expense for leased convenience store properties which are subleased to third-party operators. The sublease income from these sites is recorded in rental income on the Consolidated Statement of Operations and Comprehensive Income (Loss) and totaled $40 million , $25 million and $25 million for the years ended December 31, 2018 , 2017 and 2016 , respectively.

(2) Store base rent includes contingent rent expense totaling $4 million , $16 million , and $18 million for the years ended December 31, 2018 , 2017 and 2016 , respectively.

(3) Equipment and other rent consists primarily of vehicles and store equipment.

Future minimum lease payments, excluding sale-leaseback financing obligations (see Note 10), for future fiscal years are as follows (in millions):

2019	$ 64
2020	58
2021	45
2022	37
2023	32
Thereafter	176
Total	$ 412

Litigation and Contingencies

We may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business. In the ordinary course of business, we are sometimes threatened with or named as a defendant in various lawsuits seeking actual and punitive damages for personal injury and property damage. We maintain liability insurance with insurers in amounts and with coverage and deductibles management believes are reasonable and prudent, and which are generally accepted in the industry. However, there can be no assurance that the levels of insurance protection currently in effect will continue to be available at reasonable prices or that such levels will remain adequate to protect us from material expenses related to personal injury or property damage in the future. In addition, various regulatory agencies - such as tax authorities, environmental agencies, or other such agencies - may perform audits or reviews to ensure proper compliance with regulations. We are not fully-insured for any claims that may arise from these various agencies and there can be no assurance that any claims arising from these activities would not have an adverse, material effect on our financial statements.

Environmental Remediation

We are subject to various federal, state and local environmental laws and make financial expenditures in order to comply with regulations governing underground storage tanks adopted by federal, state and local regulatory agencies. In particular, at the federal level, the Resource Conservation and Recovery Act of 1976, as amended, requires the EPA to establish a comprehensive regulatory program for the detection, prevention, and cleanup of leaking underground storage tanks (e.g. overfills, spills, and underground storage tank releases).

Federal and state regulations require us to provide and maintain evidence that we are taking financial responsibility for corrective action and compensating third parties in the event of a release from our underground storage tank systems. In order to comply with these requirements, we have historically obtained private insurance in the states in which we operate. These policies provide protection from

third-party liability claims. During 2018 , our coverage was $10 million per occurrence and in the aggregate. Our sites continue to be covered by these policies.

We are currently involved in the investigation and remediation of contamination at motor fuel storage and gasoline store sites where releases of regulated substances have been detected. We accrue for anticipated future costs and the related probable state reimbursement amounts for remediation activities. Accordingly, we have recorded estimated undiscounted liabilities for these sites totaling $35 million and $22 million as of December 31, 2018 and 2017 , respectively, which are classified as accrued expenses and other current liabilities and other noncurrent liabilities. As of December 31, 2018 , we had $1 million in an escrow account to satisfy environmental claims related to the acquisition of Mid-Atlantic Convenience Stores, LLC ("MACS"), $8 million in two escrow accounts to satisfy environmental claims related to the Emerge acquisition, and $3 million in one escrow account to satisfy environmental claims related to the Sandford acquisition.

Deferred Branding Incentives

We receive deferred branding incentives and other incentive payments from a number of our fuel suppliers. A portion of the deferred branding incentives may be passed on to our wholesale branded dealers under the same terms as required by our fuel suppliers. Many of the agreements require repayment of all or a portion of the amount received if we or our branded dealers elect to discontinue selling the specified brand of fuel at certain locations. As of December 31, 2018 , the estimated amount of deferred branding incentives that would have to be repaid upon de-branding at these locations was $1.6 million . Of this amount, approximately $0.4 million would be the responsibility of the Partnership's branded dealers under reimbursement agreements with the dealers. In the event a dealer were to default on this reimbursement obligation, we would be required to make this payment. No liability is recorded for the amount of dealer obligations which would become payable upon de-branding as no such dealer default is considered probable as of December 31, 2018 . We have recorded $1.2 million and $1.1 million for deferred branding incentives, net of accumulated amortization, as of December 31, 2018 and 2017 , respectively, under other non-current liabilities on our Consolidated Balance Sheets. The Partnership amortizes its retained portion of the incentives to income on a straight-line basis over the term of the agreements.

Contingent Consideration Related to Aloha Acquisition

Pursuant to an earn-out agreement associated with the Aloha Acquisition, we have recorded zero and $15 million , as of December 31, 2018 and 2017 , respectively, under non-current liabilities on our Consolidated Balance Sheets. The obligations under the earn-out agreement were terminated via a settlement agreement in July 2018.

15. Rental Income under Operating Leases

The balances of property and equipment that are being leased to third parties for rental income were as follows:

	December 31, 2018	December 31, 2017
	(in millions)	
Land	$ 414	$ 354
Buildings and improvements	506	254
Equipment	306	53
Total property and equipment	1,226	661
Less: accumulated depreciation	(321)	(90)
Property and equipment, net	$ 905	$ 571

Rental income for the years ended December 31, 2018 , 2017 and 2016 was $130 million , $89 million and $88 million , respectively.

Minimum future rental income under non-cancelable operating leases as of December 31, 2018 is as follows (in millions):

2019	$ 88
2020	71
2021	58
2022	52
2023	3
Thereafter	7
Total minimum future rentals	$ 279

16. Interest Expense, net

Components of net interest expense were as follows:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Interest expense	$ 141	$ 195	$ 153
Amortization of deferred financing fees	6	15	11
Interest income	(3)	(1)	(3)
Interest expense, net	$ 144	$ 209	$ 161

17. Income Tax Expense

As a partnership, we are generally not subject to federal income tax and most state income taxes. However, the Partnership conducts certain activities through corporate subsidiaries which are subject to federal and state income taxes. The components of the federal and state income tax expense (benefit) are summarized as follows:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Current:			
Federal	$ 24	$ —	$ (65)
State	4	2	1
Total current income tax expense	28	2	(64)
Deferred:			
Federal	(14)	(302)	(12)
State	20	(6)	4
Total deferred tax expense (benefit)	6	(308)	(8)
Net income tax expense (benefit)	$ 34	$ (306)	$ (72)

Our effective tax rate differs from the statutory rate primarily due to Partnership earnings that are not subject to U.S. federal and most state income taxes at the Partnership level. A reconciliation of income tax expense at the U.S. federal statutory rate to net income tax expense (benefit) is as follows:

	Year Ended December 31,		
	2018	2017	2016
		(in millions)	
Tax at statutory federal rate	$ 19	$ 7	$ (6)
Partnership earnings not subject to tax	(9)	(126)	(127)
Goodwill impairment	—	36	55
State and local tax, net of federal benefit	24	(6)	4
Statutory rate change	—	(225)	—
Other	—	8	2
Net income tax expense (benefit)	$ 34	$ (306)	$ (72)

In December 2017, the “Tax Cuts and Jobs Act” was signed into law. Among other provisions, the highest corporate federal income tax rate was reduced from 35% to 21% for taxable years beginning after December 31, 2017. As noted above, the effect on deferred tax assets and liabilities of a change in tax rate is recognized in earnings in the period that includes the enactment date. As such, a deferred tax benefit in the amount of $225 million was realized in 2017.

Deferred taxes result from the temporary differences between financial reporting carrying amounts and the tax basis of existing assets and liabilities. Principal components of deferred tax assets and liabilities are as follows:

	December 31, 2018	December 31, 2017
	(in millions)	
Deferred tax assets:		
Environmental, asset retirement obligations, and other reserves	$ 12	$ 20
Inventories	2	(1)
Net operating loss carry forwards	—	79
Other	49	78
Total deferred tax assets	63	176
Deferred tax liabilities:		
Property and equipment	63	324
Trademarks and other intangibles	63	169
Investments in affiliates	15	72
Other	25	—
Total deferred tax liabilities	166	565
Net deferred income tax liabilities	$ 103	$ 389

As of December 31, 2017, our corporate subsidiaries had federal net operating loss carryforwards of $364 million . The entire net operating loss carryforward will be fully utilized to offset the taxable gain associated with the 7-Eleven transaction that occurred in 2018.

The Partnership and its subsidiaries do not have any unrecognized tax benefits for uncertain tax positions as of December 31, 2018 or 2017 . The Partnership believes that all tax positions taken or to be taken will more likely than not be sustained under audit, and accordingly, we do not have any unrecognized tax benefits.

Our policy is to accrue interest and penalties on income tax underpayments (overpayments) as a component of income tax expense. We did not have any material interest and penalties in the periods presented.

The Partnership and its subsidiaries are no longer subject to examination by the Internal Revenue Service ("IRS") for 2014 and prior years.

18. Partners' Capital

As of December 31, 2018 , ETO and its subsidiaries owned 28,463,967 common units, which constitute 34.4% of our common units. As of December 31, 2018 , our fully consolidating subsidiaries owned 16,410,780 Class C units representing limited partner interests in the Partnership (the "Class C Units") and the public owned 54,201,090 common units.

Series A Preferred Units

On March 30, 2017, the Partnership entered into a Series A Preferred Unit Purchase Agreement with ET, relating to the issue and sale by the Partnership to ET of 12,000,000 Series A Preferred Units (the "Preferred Units") representing limited partner interests in the Partnership at a price per Preferred Unit of $25.00 (the "Offering"). The distribution rate for the Preferred Units is 10.00% , per annum, of the $25.00 liquidation preference per unit (the "Liquidation Preference") (equal to $2.50 per Preferred Unit per annum) until March 30, 2022, at which point the distribution rate will become a floating rate of 8.00% plus three-month LIBOR of the Liquidation Preference. The Preferred Units are redeemable at any time, and from time to time, in whole or in part, at the Partnership's option at a price per Preferred Unit equal to the Liquidation Preference plus all accrued and unpaid distributions; provided that, if the Partnership redeems the Preferred Units prior to March 30, 2022, then the Partnership will redeem the Preferred Units at 101% of the Liquidation Preference, plus all accrued and unpaid distributions. The Preferred Units are not entitled to any redemption rights or conversion rights. Holders of Preferred Units will generally have no voting rights except in certain limited circumstances or as required by law. The Preferred Units were issued in a private transaction exempt from registration under section 4(a)(2) of the Securities Act.

Distributions on Preferred Units are cumulative beginning March 30, 2017, and payable quarterly in arrears, within 60 days, after the end of each quarter, commencing with the quarter ended June 30, 2017.

The Offering closed on March 30, 2017, and the Partnership received proceeds from the Offering of $300 million , which it used to repay indebtedness under its revolving credit facility.

On January 25, 2018, the Partnership redeemed all outstanding Series A Preferred Units held by ET for an aggregate redemption amount of approximately $ 313 million . The redemption amount includes the original consideration of $300 million and a 1% call premium plus accrued and unpaid quarterly distributions.

Common Units

On March 31, 2016, the Partnership completed a private placement of 2,263,158 common units to ET (the "PIPE Transaction").

On October 4, 2016, the Partnership entered into an equity distribution agreement for an at-the-market ("ATM") offering with RBC Capital Markets, LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Credit Agricole Securities (USA) Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mizuho Securities USA Inc., Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., Natixis Securities Americas LLC, SMBC Nikko Securities America, Inc., TD Securities (USA) LLC, UBS Securities LLC and Wells Fargo Securities, LLC (collectively, the "Managers"). Pursuant to the terms of the equity distribution agreement, the Partnership may sell from time to time through the Managers the Partnership's common units representing limited partner interests having an aggregate offering price of up to $400 million . The Partnership issued 1,268,750 common units from January 1, 2017 through December 31, 2017 in connection with the ATM for $33 million , net of commissions of $0.3 million . As of December 31, 2018 , $295 million of our common units remained available to be issued under the equity distribution agreement.

On February 7, 2018, subsequent to the record date for SUN's fourth quarter 2017 distribution, the Partnership repurchased 17,286,859 SUN common units owned by ETO for aggregate cash consideration of approximately $540 million . The repurchase price per common unit was $31.2376 , which is equal to the volume weighted average trading price of SUN common units on the New York Stock Exchange for the ten trading days ending on January 23, 2018. The Partnership funded the repurchase with cash on hand.

Common unit activity for the years ended December 31, 2018 and 2017 was as follows:

	Number of Units
Number of common units at December 31, 2016	98,181,046
Common units issued in connection with the ATM	1,268,750
Phantom unit vesting	195,813
Other	22,390
Number of common units at December 31, 2017	99,667,999
Common units repurchase	(17,286,859)
Phantom unit vesting	283,917
Number of common units at December 31, 2018	82,665,057

Allocation of Net Income

Our Partnership Agreement contains provisions for the allocation of net income and loss to the unitholders. For purposes of maintaining partner capital accounts, the Partnership Agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interest. Normal allocations according to percentage interests are made after giving effect, if any, to priority income allocations in an amount equal to incentive cash distributions allocated 100% to ETO.

The calculation of net income allocated to the partners is as follows (in millions, except per unit amounts):

	Year Ended December 31,		
	2018	2017	2016
Attributable to Common Units			
Distributions (a)	$ 272	$ 328	$ 317
Distributions in excess of net income	(557)	(293)	(809)
Limited partners' interest in net income (loss)	$ (285)	$ 35	$ (492)
(a) Distributions declared per unit to unitholders as of record date	$ 3.3020	$ 3.3020	$ 3.2938

Class C Units

Pursuant to the terms of a Contribution Agreement we entered with Susser, Heritage Holdings, Inc., ETP Holdco Corporation, our General Partner and ETP on July 31, 2015, (i) 79,308 common units held by a wholly owned subsidiary of Susser were exchanged for 79,308 Class A Units and (ii) 10,939,436 subordinated units held by wholly owned subsidiaries of Susser were converted into 10,939,436 Class A units.

All Class A Units were exchanged for Class C Units on January 1, 2016.

On January 1, 2016, the Partnership issued an aggregate of 16,410,780 Class C Units consisting of (i) 5,242,113 Class C Units that were issued to Aloha as consideration for the contribution by Aloha to an indirect wholly owned subsidiary of the Partnership of all of Aloha's assets relating to the wholesale supply of fuel and lubricants, and (ii) 11,168,667 Class C Units that were issued to indirect wholly owned subsidiaries of the Partnership in exchange for all outstanding Class A Units held by such subsidiaries. The Class C Units were valued at $38.5856 per Class C Unit (the "Class C Unit Issue Price"), based on the volume-weighted average price of the Partnership's Common Units for the five -day trading period ending on December 31, 2015. The Class C Units were issued in private transactions exempt from registration under section 4(a)(2) of the Securities Act.

Class C Units (i) are not convertible or exchangeable into Common Units or any other units of the Partnership and are non-redeemable; (ii) are entitled to receive distributions of available cash of the Partnership (other than available cash derived from or attributable to any distribution received by the Partnership from PropCo, the proceeds of any sale of the membership interests of PropCo, or any interest or principal payments received by the Partnership with respect to indebtedness of PropCo or its subsidiaries) at a fixed rate equal to $0.8682 per quarter for each Class C Unit outstanding, (iii) do not have the right to vote on any matter except as otherwise required by any non-waivable provision of law, (iv) are not allocated any items of income, gain, loss, deduction or credit attributable to the Partnership's ownership of, or sale or other disposition of, the membership interests of PropCo, or the Partnership's ownership of any indebtedness of PropCo or any of its subsidiaries ("PropCo Items"), (v) will be allocated gross income (other than from PropCo Items) in an amount equal to the cash distributed to the holders of Class C Units and (vi) will be allocated depreciation, amortization and cost recovery deductions as if the Class C Units were Common Units and 1% of certain allocations of net termination gain (other than from PropCo Items).

Pursuant to the terms described above, these distributions do not have an impact on the Partnership's consolidated cash flows and as such, are excluded from total cash distributions and allocation of limited partners' interest in net income.

Incentive Distribution Rights

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

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

Cash Distributions

Our Partnership Agreement sets forth the calculation used to determine the amount and priority of cash distributions that the common unitholders receive.

Cash distributions paid were as follows:

Payment Date	Limited Partners		Distribution to IDR Holders
	Per Unit Distribution	Total Cash Distribution	
	(in millions, except per unit amounts)		
February 14, 2019	$ 0.8255	$ 68	$ 18
November 14, 2018	$ 0.8255	$ 68	$ 18
August 15, 2018	$ 0.8255	$ 68	$ 17
May 15, 2018	$ 0.8255	$ 68	$ 18
February 14, 2018	$ 0.8255	$ 82	$ 21
November 14, 2017	$ 0.8255	$ 82	$ 22
August 15, 2017	$ 0.8255	$ 82	$ 21
May 16, 2017	$ 0.8255	$ 82	$ 21
February 21, 2017	$ 0.8255	$ 81	$ 21
November 15, 2016	$ 0.8255	$ 79	$ 20
August 15, 2016	$ 0.8255	$ 79	$ 20
May 16, 2016	$ 0.8173	$ 78	$ 20
February 16, 2016	$ 0.8013	$ 70	$ 17

Payment Date	Series A Preferred Unit Holder
	Total Cash Distribution
	(in millions)
January 25, 2018 (1)	$ 10
November 14, 2017	$ 7
August 15, 2017	$ 8

(1) $10 million cash distribution paid on January 25, 2018 includes $8 million cash distribution for the three months ended December 31, 2017 and $2 million cash distribution for the period from January 1, 2018 through January 25, 2018.

19. Unit-Based Compensation

The Partnership has issued phantom units to its employees and non-employee directors, which vest 60% after three years and 40% after five years . Phantom units have the right to receive distributions prior to vesting. The fair value of these units is the market price of our common units on the grant date, and is amortized over the five-year vesting period using the straight-line method. Unit-based compensation expense related to the Partnership included in our Consolidated Statements of Operations and Comprehensive Income (Loss) was $12 million , $24 million and $13 million for the years ended December 31, 2018 , 2017 and 2016 , respectively. The total fair value of phantom units vested for the years ended December 31, 2018 , 2017 and 2016 , was $12 million , $9 million and less than $0.1 million , respectively, based on the market price of SUN's common units as of the vesting date. Unrecognized compensation expenses related to our nonvested phantom units totaled $30 million as of December 31, 2018 , which are expected to be recognized over a weighted average period of 3.9 years. The fair value of nonvested phantom units outstanding as of December 31, 2018 and December 31, 2017 , totaled $62 million and $57 million , respectively.

Phantom unit award activity for the years ended December 31, 2018 and 2017 consisted of the following:

	Number of Phantom Common Units	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2016	2,013,634	$ 34.43
Granted	203,867	28.31
Vested	(289,377)	45.48
Forfeited	(150,823)	34.71
Outstanding at December 31, 2017	1,777,301	31.89
Granted	1,072,600	27.67
Vested	(414,472)	32.92
Forfeited	(311,417)	31.26
Outstanding at December 31, 2018	2,124,012	$ 29.15

The Partnership previously granted cash restricted units, which vested in cash. As of December 31, 2018 , no such awards remained outstanding.

20. Segment Reporting

Our financial statements reflect two reportable segments, fuel distribution & marketing and all other. After the Retail Divestment and the conversion of 207 retail sites to commission agent sites, the Partnership has renamed the former Wholesale segment to Fuel Distribution and Marketing and the former Retail segment is renamed to All Other.

We report Adjusted EBITDA by segment as a measure of segment performance. We define Adjusted EBITDA as net income before net interest expense, income tax expense and depreciation, amortization and accretion expense, non-cash compensation expense, gains and losses on disposal of assets and impairment charges, unrealized gains and losses on commodity derivatives, inventory adjustments, and certain other operating expenses reflected in net income that we do not believe are indicative of ongoing core operations.

Fuel Distribution and Marketing Segment

Our Fuel Distribution and Marketing segment purchases motor fuel primarily from independent refiners and major oil companies and supplies it to independently-operated dealer stations under long-term supply agreements, to distributors and other consumers of motor fuel, and to Partnership-operated stations included in our All Other segment. Also included in the Fuel Distribution and Marketing segment are motor fuel sales to commission agent locations and sales and costs related to processing transmix. We distribute motor fuels across more than 30 states throughout the East Coast, Midwest, South Central and Southeast regions of the United States from Maine to Florida and from Florida to New Mexico, as well as Hawaii. Sales of fuel from our Fuel Distribution and Marketing segment to Partnership-operated stations included in our All Other segment are delivered at cost plus a profit margin. These amounts are included in intercompany eliminations of motor fuel revenue and motor fuel cost of sales. Also included in our Fuel Distribution and Marketing segment is rental income from properties that we lease or sublease.

All Other Segment

Prior to the completion of the Retail Divestment, our All Other segment primarily operated branded retail stores across more than 20 states throughout the East Coast and Southeast regions of the United States with a significant presence in Texas, Pennsylvania, New York, Florida, and Hawaii. These stores offered motor fuel, merchandise, foodservice, and a variety of other services including car washes, lottery, automated teller machines, money orders, prepaid phone cards and wireless services. The operations of the Retail Divestment are included in discontinued operations in the following segment information. Subsequent to the completion of the Retail Divestment, the remaining All Other segment includes the Partnership's ethanol plant, credit card services, franchise royalties, and its retail operations in Hawaii and New Jersey.

The following tables present financial information by segment for the years ended December 31, 2018 , 2017 and 2016 .

Segment Financial Data for the Year Ended December 31, 2018

	Fuel Distribution and Marketing	All Other	Intercompany Eliminations	Totals
		(in millions)		
Revenue				
Motor fuel sales	$ 15,466	$ 1,038		$ 16,504
Rental income	118	12		130
Other	48	312		360
Intersegment sales	1,649	120	(1,769)	—
Total revenue	17,281	1,482	(1,769)	16,994
Gross profit (1)				
Motor fuel	673	123		796
Rental	118	12		130
Other	40	156		196
Total gross profit	831	291		1,122
Total operating expenses	538	239		777
Operating income	293	52		345
Interest expense, net	103	41		144
Loss on extinguishment of debt and other	109	—		109
Income from continuing operations before income taxes	81	11		92
Income tax expense	1	33		34
Income (loss) from continuing operations	80	(22)		58
Loss from discontinued operations, net of income taxes	—	(265)		(265)
Net income (loss) and comprehensive income (loss)	$ 80	$ (287)		$ (207)
Depreciation, amortization and accretion (2)	128	54		182
Interest expense, net (2)	103	43		146
Income tax expense (2)	1	191		192
EBITDA	312	1		313
Non-cash compensation expense (2)	2	10		12
Loss on disposal of assets and impairment charges (2)	27	53		80
Loss on extinguishment of debt and other (2)	109	20		129
Unrealized loss on commodity derivatives (2)	6	—		6
Inventory adjustments (2)	84	—		84
Other non-cash adjustments	14	—		14
Adjusted EBITDA	$ 554	$ 84		$ 638
Capital expenditures (2)	$ 77	$ 26		$ 103
Total assets, end of period (2)	$ 3,878	$ 1,001		$ 4,879

(1) Excludes depreciation, amortization and accretion.

(2) Includes amounts from discontinued operations.

Segment Financial Data for the Year Ended December 31, 2017

	Fuel Distribution and Marketing	All Other	Intercompany Eliminations	Totals
		(in millions)		
Revenue				
Motor fuel sales	$ 9,333	$ 1,577		$ 10,910
Rental income	77	12		89
Other	50	674		724
Intersegment sales	1,472	125	(1,597)	—
Total revenue	10,932	2,388	(1,597)	11,723
Gross profit (1)				
Motor fuel	535	157		692
Rental	77	12		89
Other	39	288		327
Total gross profit	651	457		1,108
Total operating expenses	406	473		879
Operating income (loss)	245	(16)		229
Interest expense, net	88	121		209
Income (loss) from continuing operations before income taxes	157	(137)		20
Income tax benefit	(10)	(296)		(306)
Income from continuing operations	167	159		326
Loss from discontinued operations, net of income taxes	—	(177)		(177)
Net income (loss) and comprehensive income (loss)	$ 167	$ (18)		$ 149
Depreciation, amortization and accretion (2)	118	85		203
Interest expense, net (2)	88	157		245
Income tax benefit (2)	(10)	(248)		(258)
EBITDA	363	(24)		339
Non-cash compensation expense (2)	2	22		24
Loss on disposal of assets and impairment charges (2)	8	392		400
Unrealized gain on commodity derivatives (2)	(3)	—		(3)
Inventory adjustments (2)	(24)	(4)		(28)
Adjusted EBITDA	$ 346	$ 386		$ 732
Capital expenditures (2)	$ 71	$ 106		$ 177
Total assets, end of period (2)	$ 3,130	$ 5,214		$ 8,344

(1) Excludes depreciation, amortization and accretion.

(2) Includes amounts from discontinued operations.

Segment Financial Data for the Year Ended December 31, 2016

	Fuel Distribution and Marketing	All Other	Intercompany Eliminations	Totals
		(in millions)		
Revenue				
Motor fuel sales	$ 7,874	$ 1,338		$ 9,212
Rental income	76	12		88
Other	45	641		686
Intersegment sales	1,195	133	(1,328)	—
Total revenue	9,190	2,124	(1,328)	9,986
Gross profit (1)				
Motor fuel	596	163		759
Rental	76	12		88
Other	34	275		309
Total gross profit	706	450		1,156
Total operating expenses	390	621		1,011
Operating income (loss)	316	(171)		145
Interest expense, net	59	102		161
Income (loss) from continuing operations before income taxes	257	(273)		(16)
Income tax expense (benefit)	5	(77)		(72)
Income (loss) from continuing operations	252	(196)		56
Loss from discontinued operations, net of income taxes	—	(462)		(462)
Net income (loss) and comprehensive income (loss)	$ 252	$ (658)		$ (406)
Depreciation, amortization and accretion (2)	94	225		319
Interest expense, net (2)	59	130		189
Income tax expense (benefit) (2)	5	(36)		(31)
EBITDA	410	(339)		71
Non-cash compensation expense (2)	6	7		13
Loss (gain) on disposal of assets and impairment charges (2)	(3)	683		680
Unrealized loss on commodity derivatives (2)	5	—		5
Inventory adjustments (2)	(98)	(6)		(104)
Adjusted EBITDA	$ 320	$ 345		$ 665
Capital expenditures (2)	$ 112	$ 327		$ 439
Total assets, end of period (2)	$ 3,201	$ 5,500		$ 8,701

(1) Excludes depreciation, amortization and accretion.

(2) Includes amounts from discontinued operations.

21. Net Income per Unit

Net income per unit applicable to limited partners is computed by dividing limited partners' interest in net income by the weighted-average number of outstanding common units. Our net income is allocated to limited partners in accordance with their respective partnership percentages, after giving effect to any priority income allocations for incentive distributions and distributions on employee unit awards. Earnings in excess of distributions are allocated to limited partners based on their respective ownership interests. Payments made to our unitholders are determined in relation to actual distributions declared and are not based on the net income allocations used in the calculation of net income per unit.

In addition to the common units, we identify the IDRs as participating securities and use the two-class method when calculating net income per unit applicable to limited partners, which is based on the weighted-average number of common units outstanding during the period. Diluted net income per unit includes the effects of potentially dilutive units on our common units, consisting of unvested phantom units.

A reconciliation of the numerators and denominators of the basic and diluted per unit computations is as follows:

	Year Ended December 31,		
	2018	2017	2016
	(in millions, except units and per unit amounts)		
Income from continuing operations	$ 58	$ 326	$ 56
Less:			
Series A Preferred units	2	23	—
Incentive distribution rights	70	85	81
Distributions on nonvested phantom unit awards	6	6	5
Limited partners' interest in net income (loss) from continuing operations	$ (20)	$ 212	$ (30)
Loss from discontinued operations	$ (265)	$ (177)	$ (462)
Weighted average limited partner units outstanding:			
Common - basic	84,299,893	99,270,120	93,575,530
Common - equivalents	520,677	458,234	28,305
Common - diluted	84,820,570	99,728,354	93,603,835
Income (loss) from continuing operations per limited partner unit:			
Common - basic	$ (0.25)	$ 2.13	$ (0.32)
Common - diluted	$ (0.25)	$ 2.12	$ (0.32)
Loss from discontinued operations per limited partner unit:			
Common - basic	$ (3.14)	$ (1.78)	$ (4.94)
Common - diluted	$ (3.14)	$ (1.78)	$ (4.94)

22. Selected Quarterly Financial Data (unaudited)

The following table sets forth certain unaudited financial and operating data for each quarter during 2018 and 2017 . The unaudited quarterly information includes all normal recurring adjustments that we consider necessary for a fair presentation of the information shown.

	2018				2017			
	4th QTR	3rd QTR	2nd QTR	1st QTR	4th QTR	3rd QTR	2nd QTR	1st QTR
	(in millions, except per unit amounts)							
Total revenues	$ 3,877	$ 4,761	$ 4,607	$ 3,749	$ 2,959	$ 3,064	$ 2,892	$ 2,808
Operating income (loss)	$ (38)	$ 159	$ 128	$ 96	$ 65	$ 128	$ (20)	$ 56
Net Income (loss)	$ (72)	$ 112	$ 68	$ (315)	$ 232	$ 138	$ (222)	$ 1
Income (loss) from continuing operations per limited partner unit:								
Common (basic)	$ (1.11)	$ 1.16	$ 0.91	$ (1.11)	$ 1.91	$ 0.92	$ (0.58)	$ (0.11)
Common (diluted)	$ (1.11)	$ 1.15	$ 0.90	$ (1.11)	$ 1.90	$ 0.91	$ (0.59)	$ (0.11)
Income (loss) from discontinued operations per limited partner unit:								
Common (basic)	$ —	$ (0.03)	$ (0.32)	$ (2.63)	$ 0.11	$ 0.17	$ (1.94)	$ (0.11)
Common (diluted)	$ —	$ (0.03)	$ (0.32)	$ (2.63)	$ 0.11	$ 0.17	$ (1.94)	$ (0.11)

23. Subsequent Events

On January 18, 2019, we announced the execution of a definitive asset purchase agreement with Attis Industries Inc. (NASDAQ: ATIS) ("Attis") for the sale of our ethanol plant, including the grain malting operation, in Fulton, New York. As part of the transaction, we will enter into a 10-year ethanol offtake agreement with Attis. Total consideration for the divestiture is $20 million in cash plus certain working capital adjustments. The transaction is subject to regulatory clearances and customary closing conditions and is expected to close in the first quarter of 2019.

On January 18, 2019, we acquired certain convenience store locations from Speedway LLC for approximately $5 million plus working capital adjustments. We subsequently converted the acquired convenience store locations to commission agent locations.

Exhibit 4.4

FIRST SUPPLEMENTAL INDENTURE

This First Supplemental Indenture (this " ***First Supplemental Indenture*** "), dated as of January 24, 2019, is among AMID Refined Products LLC, a Delaware limited liability company (" ***AMID Refined Products*** "), AMID NLR LLC, a Delaware limited liability company (" ***AMID NLR*** "), AMID Caddo LLC, a Delaware limited liability company (" ***AMID Caddo*** " and, together with AMID Refined Products and AMID NLR, the " ***Guaranteeing Subsidiaries*** " and, individually, each a " ***Guaranteeing Subsidiary*** "), Sunoco LP, a Delaware limited partnership (" ***Sunoco LP*** "), and Sunoco Finance Corp., a Delaware corporation (" ***Finance Corp.*** " and, together with Sunoco LP, the " ***Issuers*** "), the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to below (the " ***Trustee*** ").

W I T N E S S E T H

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the " ***Indenture*** "), dated as of January 23, 2018, providing for the issuance of their 4.875% Senior Notes due 2023, 5.500% Senior Notes due 2026 and 5.875% Senior Notes due 2028 (collectively, the " ***Notes*** ");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiaries shall execute and deliver to the Trustee a supplemental indenture pursuant to which each of the Guaranteeing Subsidiaries shall unconditionally guarantee all of the Issuers' Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the " ***Note Guarantee*** "); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this First Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms . Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee . Each of the Guaranteeing Subsidiaries hereby agrees to provide an unconditional guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.

3. No Recourse Against Others . No past, present or future director, officer, partner, member, employee, incorporator, manager or unit holder or other owner of Equity Interests of any Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuers or any Guaranteeing Subsidiary under the Notes, any of the Note Guarantees, the Indenture or this First Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes, by accepting a Note, waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

4. NEW YORK LAW TO GOVERN . THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS FIRST SUPPLEMENTAL INDENTURE.

5. Counterparts . The parties may sign any number of copies of this First Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings . The Section headings herein are for convenience only and shall not affect the construction hereof.

7. The Trustee . The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiaries and the Issuers.

(*Signature pages follow* .)

WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed and attested, all as of the date first above written.

AMID Refined Products LLC
AMID NLR LLC
AMID Caddo LLC

By:/s/ Thomas R. Miller
Name:Thomas R. Miller
Title:Chief Financial Officer

SUNOCO LP

By: Sunoco GP LLC, its general partner

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Chief Financial Officer

SUNOCO FINANCE CORP.

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Chief Financial Officer

SUNOCO, LLC

By: Sunoco LP, its sole member
By: Sunoco GP LLC, its general partner

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Chief Financial Officer

SUNOCO PROPERTY COMPANY LLC
ALOHA PETROLEUM LLC
ALLIED ENERGY COMPANY LLC
DIRECT FUELS LLC

By: Sunoco, LLC, its sole member

By: /s/ Thomas R. Miller
Name: Thomas R. Miller
Title: Chief Financial Officer

SUNOCO RETAIL LLC

By:Sunoco Property Company LLC, its sole member
By:Sunoco, LLC, its sole member

By:/s/ Thomas R. Miller
Name:Thomas R. Miller
Title:Chief Financial Officer

SUNMARKS, LLC

By:Sunoco Retail LLC, its sole member
By:Sunoco Property Company LLC, its sole member
By:Sunoco, LLC, its sole member

By:/s/ Thomas R. Miller
Name:Thomas R. Miller
Title:Chief Financial Officer

ALOHA PETROLEUM, LTD.

By:/s/ Thomas A. Grimes
Name:Thomas A. Grimes
Title:President

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: Alejandro Hoyos
Name: Alejandro Hoyos
Title: Authorized Signatory

Exhibit 10.32

SUNOCO LP
2018 LONG-TERM INCENTIVE PLAN

Time-Vested Restricted Unit/Phantom Unit Agreement

This Restricted Unit/Phantom Unit Agreement (the " *Agreement* "), is entered into on the date of acceptance by the participant (the *"Participant"*) (as defined below) and is made by and between Sunoco LP (the " *Partnership* ") and the Participant. The Partnership, the Company and its and their subsidiaries may collectively be referred to as the " **SUN Entities** " and each a " **SUN Entity** ." Except as otherwise expressly provided herein, all capitalized terms used in this Agreement, but not defined, shall have the meanings provided in the Plan.

Recitals:

WHEREAS, Sunoco GP LLC (the " *Company* "), the general partner of the Partnership, maintains the Sunoco LP 2018 Long-Term Incentive Plan, as amended and restated from time to time (the " *Plan* "), which Plan is administered by the Compensation Committee (the " *Committee* ") of the Board of Directors of the Company; and

WHEREAS, the Committee has determined to make an award (the " *Award* ") to the Participant of restricted units and/or phantom restricted units (the " *Restricted Units* "), representing the right to receive, following vesting of and upon settlement of the Restricted Units, common units representing limited partnership interests in the Partnership, subject to a risk of forfeiture pursuant to the terms and conditions of this Agreement and the Plan; and

WHEREAS, the Participant has determined to accept such Award;

NOW, THEREFORE, the Partnership and the Participant, each intending to be legally bound hereby, agree as follows:

ARTICLE I:
Award of Restricted Units

1.1 Award. Subject to the terms and conditions of the Plan and this Agreement, the Partnership hereby grants the Participant an Award of Restricted Units as specified within the Participant's RSU account within Fidelity Stock Plan Services, LLC (the Company's online equity award tracking system at the time of the Award). The details of the Award are as follows:

(a) Participant: Participant Name
(b) Date of Grant: Grant Date
(c) Total Number of Restricted Units: Number of Awards Granted
(d) Vesting Schedule:
- 60% on the third December 5 th following the date of the Award
- 40% on the fifth December 5 th following the date of the Award

This Award includes tandem Distribution Equivalent Rights (" *DERs* "), which entitle the Participant to receive with respect to each Restricted Unit, so long as the underlying Restricted Unit has not either vested or been forfeited, an amount in cash equal to the distributions per common unit made by the Partnership on its outstanding common units with such payment being made promptly following each such distribution made by the Partnership.

1.2 Effect of Plan; Construction. The entire text of the Plan is expressly incorporated herein by this reference and so forms a part of this Agreement. In the event of any inconsistency or discrepancy between the provisions of this Agreement and the Plan, the provisions in the Plan shall govern and prevail. This Agreement is subject in all respects to the terms and conditions of the Plan, as the same may have been amended from time to time in accordance with its terms; *provided, however* , that no such amendment shall deprive the Participant, without such Participant's consent, of any rights earned or otherwise due to Participant hereunder. Capitalized terms and phrases used in this Agreement but not otherwise defined herein, shall have the respective meanings ascribed to them in the Plan.

1.3 Vesting/Payments. Except as otherwise provided herein, this Award is subject to vesting over a five (5) year period, with 60% of this Award to vest on the third December 5th following the date of the Award, and the remaining 40% to vest on the fifth December

5th following the date of the Award subject to the Participant's continued employment with the Partnership or one of its affiliates on each applicable vesting date.

(a) Settlement of Vested Restricted Units . Upon the vesting of a Restricted Unit, as soon as practicable thereafter, the Company or the Partnership shall deliver or cause to be delivered to the Participant one common unit of the Partnership for each vested Restricted Unit, subject to applicable governmental tax withholdings described in 1.3(c).

(b) Payment of DERs. As noted above, the Participant is entitled to receive from the Partnership, with respect to each Restricted Unit that has not either vested or been forfeited, DERs. Upon the forfeiture or vesting of the underlying Restricted Unit, the associated DER will automatically expire and no further payments shall be made with respect to such DER, except with respect to amounts not yet paid with respect to distributions on Restricted Units made prior to the date of such forfeiture or vesting.

(c) Tax Withholding. All vestings of Restricted Units and payments with respect to DERs under this Agreement are subject to applicable governmental tax withholdings as determined by the Partnership. Prior to vesting of Restricted Units or payment with respect to DERs, the Participant must satisfy applicable governmental tax withholding due with respect to such vesting or payment.

(i) *Payment in Units.* Participant may elect to satisfy withholding obligations associated with the vesting of Restricted Units in cash or by surrendering a number of Restricted Units sufficient to satisfy such withholding obligations. The fair market value of each vesting Restricted Unit shall be determined in accordance with the Plan.

(ii) *Payment in Cash.* Cash payments of DERs, shall be made net of any applicable governmental withholding.

1.4 Change of Control. Notwithstanding Section 1.3 of this Agreement, in the event of a Change of Control, as that term is defined in the Plan, occurring prior to the date all outstanding Restricted Units granted hereunder have vested in accordance with Section 1.3 above, all then-outstanding unvested Restricted Units granted pursuant to this Agreement shall become immediately vested and nonforfeitable and the Company or the Partnership shall deliver the Units (or the amount of cash equal to the Fair Market Value of such common units as of the date of such event) to the Participant as soon as practicable thereafter, but in no event later than March 15 of the calendar year following the calendar year in which the Change of Control occurs.

1.5 Termination of Employment.

(a) Death or Permanent Disability. No portion of this Award shall be forfeited as a result of the occurrence, prior to the end of the Restricted Period, of the Participant's death or Disability (as defined in the Plan). Instead, in the event of the Participant's death or Disability, this Award shall become immediately vested and nonforfeitable and the Company or the Partnership shall deliver the Units to the Participant or the Participant's estate, as soon as practicable thereafter.

(b) Qualified Retirement. Participants who have at least five (5) years of service and leave the Partnership, or one of its affiliates or subsidiaries, voluntarily due to retirement will be eligible for the accelerated vesting of this Award per the following schedule:

- Participants ages 65-68 are eligible for the accelerated vesting of 40% of the remaining unvested Restricted Units under the Award at the time of the Participant's retirement.
- Participants over the age of 68 are eligible for the accelerated vesting of 50% of the remaining unvested Restricted Units under the Award at the time of the Participant's retirement.

(c) Termination due other than to Death, Disability or Qualified Retirement. The Award granted hereunder is for the express purpose of retaining the services and engagement of the Participant for the full time of the Restricted Period. Except as otherwise provided in the Plan or in Section 1.5(a) and (b) of this Agreement, the unvested portion of this Award shall be automatically forfeited for no consideration as a result of the termination of the Participant's employment with the Partnership or one of its affiliates for any reason, including by reason of retirement prior to the end of the Restricted Period, and Participant shall not have any further rights with respect to any such forfeited Restricted Units.

(d) Leaves of Absence. The Committee shall determine whether any leave of absence constitutes a termination of employment within the meaning of the Plan and the impact of such leave of absence on awards made to Participant under the Plan.

ARTICLE II
Restrictive Covenants

2.1 Confidentiality and Access to Confidential Information

(a) Participant's Receipt of and Access to Confidential Information and Protected Relationships . In connection with Participant's Service to the SUN Entities, the Partnership and/or its affiliates have provided and will continue to provide Participant access to, and/or allow Participant the opportunity to develop, confidential information of the SUN Entities, including certain information pertaining to the SUN Entities' past, current, and future: business plans, corporate opportunities, operations, acquisition, merger or sale strategies; production, product development, product names and marks; marketing, costs, pricing, financial performance, business plans, and strategic plans; financial statements and all information relating to financial activities, assets, and liabilities; operation or production procedures or results; trade secrets; partners, partnership or other business arrangements or agreements with third parties; customers including their identities, contact persons, sales volumes, preferences, requirements, history, and contracts; and technical information, including equipment, drawings, blueprints, services and processes, along with any other information relating to the SUN Entities' business that is treated by the Partnership as confidential (all of the foregoing collectively, *"Confidential Information"*). The SUN Entities will also provide Participant access to, and the opportunity to develop, business relationships with the SUN Entities' customers, clients, and partners with whom the SUN Entities have developed goodwill and to which Participant would not otherwise have access (collectively, *"Protected Relationships"*). Participant acknowledges and agrees that even if Participant creates or adds to any Confidential Information or Protected Relationships, Participant is being compensated to do so under Participant's Service with the SUN Entities and any such information is and will remain the property of the Partnership.

(b) Participant's Obligations of Non-Use and Non-Disclosure . Participant acknowledges that the business of the Partnership and its affiliates is highly competitive and that the Confidential Information and opportunity to develop Protected Relationships are valuable, special, and unique assets of the Partnership and its affiliates which they use in their business to obtain a competitive advantage over their competitors which do not know or use this information. Participant further acknowledges that protection of the Confidential Information and Protected Relationships against unauthorized disclosure and use is of critical importance to the Partnership and its affiliates in maintaining their competitive position. Accordingly, Participant hereby agrees that Participant will not, at any time during or after Participant's Service to any of the SUN Entities, make any unauthorized disclosure of any Confidential Information or make any use thereof or of the Protected Relationships, except for the benefit of, and on behalf of, the SUN Entities.

(c) Third-Party Information . Participant acknowledges that, as a result of Participant's service with the Partnership, Participant has had and will continue to have access to, or knowledge of, confidential business information or trade secrets of third parties, such as customers, clients, vendors, suppliers, partners, joint venturers, and the like, of the SUN Entities. Participant agrees to preserve and protect the confidentiality of such third-party confidential information and trade secrets to the same extent, and on the same basis, as the Confidential Information.

(d) Return of Documents and Electronic Data . All written or electronic or other data or materials, records and other documents made by, or coming into the possession of, Participant during the period of Participant's Service which contain or disclose the Confidential Information and/or Protected Relationships shall be and remain the property of the SUN Entities. Upon request, and in any event without request upon termination of Participant's service for any reason, Participant shall promptly shall deliver the same, and all copies, derivatives and extracts thereof, to the SUN Entities.

(e) Restriction Limitations . Notwithstanding the foregoing or anything herein to the contrary, Participant acknowledges and agrees that (i) nothing contained in this Agreement will prohibit Participant from filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation; (ii) nothing in this Agreement is intended to or will prevent Participant from communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Participant's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding; and (iii) pursuant to 18 USC Section 1833(b), Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

2.2 Non-Solicit/Non-Hire

(a) Consideration for Restrictive Covenants . The restrictive covenants contained in this Section 10 are supported by consideration to Participant from the Partnership as specified in this Agreement, including, but not limited to, the consideration provided in Article I and Section 2.1 Participant agrees that the restrictive covenants contained in this Section 2.2 are in exchange for the consideration specified herein, as a material incentive for the Partnership to enter into this Agreement, to help enforce Participant's agreement not to use or disclose Confidential Information and Protected Relationships as set forth in Section 2.1 , and to protect the SUN Entities' goodwill which Participant will help develop during Participant's period of service.

(b) Non-Solicitation/Non-Hire of Employees . During the Restrictive Covenant Period (as defined below), Participant shall not, without written consent of the SUN Entities, on Participant's own behalf or on behalf of any other person, partnership, entity, association, or corporation, hire, retain or seek to hire or retain any employee of the SUN Entities or in any other manner attempt directly or indirectly to solicit, influence, induce, or encourage any employee of the SUN Entities to leave the employment of the SUN Entities, nor shall Participant use or disclose to any person, partnership, entity, association, or corporation any information concerning the names, addresses, or personal telephone numbers of any employees of the SUN Entities for the purpose of soliciting or hiring such employee for potential employment or services on behalf of any person or entity other than the SUN Entities.

(c) Non-Solicitation of Customers and Business Partners . During the Restrictive Covenant Period, Participant shall not, on Participant's own behalf or on behalf of any other person, partnership, entity, association, or corporation, directly or indirectly:

(i) influence, induce, solicit or encourage any customer or business partner of the SUN Entities to abandon, reduce, or materially change its business relationship with the SUN Entities, or

(ii) provide products or services related to the Restricted Business (as defined below) to any customer or business partner of the SUN Entities.

During the post-employment period of the Restrictive Covenant Period, this Section 2.2(c) shall only restrict Participant's activities with respect to (i) customers and business partners of the SUN Entities with whom Participant had direct contact or business dealings or indirect contact or business dealings (through the supervision of other employees) in the twenty-four (24) months preceding the termination of Participant's employment for any reason, or (ii) customers and business partners of the SUN Entities about whom Participant learned Confidential Information in the twenty-four (24) months preceding the termination of Participant's Service for any reason.

(d) Definitions .

(i) Restricted Business . The Restricted Business is defined as the products and services provided or proposed to be provided by the SUN Entities during Participant's employment and which Participant (i) was directly involved or indirectly involved through the supervision of other employees; or (ii) about which Participant received Confidential Information.

(ii) Restrictive Covenant Period . The Restrictive Covenant Period is defined as the period of time during Participant's employment with any SUN Entity and continuing for one (1) year after the date Participant is no longer employed by any of the SUN Entities, regardless of the reason for the termination of Participant's employment and regardless of whether Participant's employment was terminated by Participant or the SUN Entities.

(e) Reasonableness of Restrictions; Breach and Reformation . Participant understands and agrees that the restrictions and obligations upon Participant contained in this Agreement are material to the SUN Entities and that this Agreement would not be entered into without these promises from Participant. Participant acknowledges that these restrictions and obligations do not terminate when Participant's employment terminates. Participant understands that the restrictions in Sections 2.1 and 2.2 of this Agreement may limit Participant's ability to engage in a business similar to or competitive with the SUN Entities, but acknowledges that Participant will receive sufficient consideration from the SUN Entities under this Agreement to justify such restrictions. Participant further acknowledges that the foregoing restrictions and obligations do not prevent Participant from earning a living with the skills and experience Participant currently possesses. Participant acknowledges that money damages would not be a sufficient remedy for any breach of this Agreement by Participant, and, as such, the SUN Entities shall be entitled to enforce their rights under this Agreement by injunctive relief in addition to all remedies available at law or in equity. Participant agrees that in the event of a breach, or a threatened breach, by Participant of any of the provisions of Sections 2.1 and 2.2 of this Agreement the SUN Entities shall be entitled to seek, in addition to any and all other rights, remedies or damages (including the right to receive any and all common units of the Partnership delivered hereunder or the market value of the common units delivered hereunder) available to the SUN Entities at law or in equity, a temporary and permanent injunction,

without having to prove damages, in order to prevent or restrain any such breach, or threatened breach, by Participant, or by any or all of Participant's partners, employers, employees, servants, agents, representatives and any other persons directly or indirectly acting for, or on behalf of, or in concert with, Participant, and that the SUN Parties shall be entitled to seek all of its costs and expenses incurred in obtaining such relief including reasonable attorneys' and client legal costs and disbursements.

It is expressly understood and agreed that Partnership and Participant consider the restrictions and obligations upon Participant contained in this Section 2.2 to constitute reasonable restraints as to time, geography, and activities involved, and to be necessary for the purposes of preserving and protecting the goodwill, Confidential Information, Protected Relationships, and other legitimate business interests of the SUN Entities. Nevertheless, if any covenant contained in this Section 2.2 is found by a court of competent jurisdiction to contain limitations as to time, geographic area, or scope of activity that are not reasonable and impose a greater restraint than is necessary to protect the legitimate business interests of the SUN Entities, then the court shall reform the covenant to the extent necessary to cause the limitations contained in the covenant as to time, geographic area, and scope of activity to be restrained to be reasonable and to impose a restraint that is not greater than necessary to protect the legitimate business interests of the SUN Entities. Participant hereby expressly waives, and agrees not to assert, any challenge to any restrictive covenant in this Agreement premised upon insufficiency of consideration, over breadth or unreasonableness, or that any provisions of this Agreement are otherwise void, voidable, or unenforceable or should be voided or held unenforceable.

ARTICLE III
General Provisions

3.1 Successors and Assignability. This Agreement shall be binding upon, and inure to the benefit of, the Company, Partnership and their respective successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Partnership's assets and business. Unless otherwise provided by the Committee: (a) no part of this Award shall be assignable or transferable by the Participant, except by will or the laws of descent and distribution; and (b) during the Participant's life, this Award shall be payable only to Participant, or Participant's guardian or legal representative. In the event of the Participant's death, payment, to the extent permitted by this Agreement and the Plan, shall be made to the Participant's estate.

3.2 Rights as a Limited Partner. Until Units have been validly issued (as fully paid common units representing limited partnership interests in the Partnership) in settlement of vested Restricted Units to the Participant or any other person, neither Participant nor such other person shall be entitled to any privileges of common unit ownership, (including, without limitation, any voting rights or any right to distributions paid with respect to the common units underlying the Restricted Units), or otherwise have any rights as a limited partner, by reason of the Award.

3.3 No Right to Continued Employment. Nothing in this Agreement or in the Plan shall be construed as giving the Participant the right to be retained in the employ or service of the Partnership or any Affiliate thereof or establish standards regarding the termination from employment of the Participant. Furthermore, the Company, Partnership or any of its and their affiliates may at any time dismiss the Participant from employment or consulting free from any liability or any claim under the Plan or this Agreement, unless otherwise expressly provided in the Plan, this Agreement or any other written agreement between the Participant and the Company or an Affiliate thereof.

3.4 Amendment. This Agreement shall not be amended or modified except by an instrument in writing executed by both parties hereto.

3.5 Captions. The captions at the beginning of each of the numbered Sections and Articles herein are for reference purposes only and will have no legal force or effect. Such captions will not be considered a part of this Agreement for purposes of interpreting, construing or applying this Agreement and will not define, limit, extend, explain or describe the scope or extent of this Agreement or any of its terms and conditions.

3.6 Governing Law. THE VALIDITY, CONSTRUCTION, INTERPRETATION AND EFFECT OF THIS INSTRUMENT SHALL BE GOVERNED EXCLUSIVELY BY, AND DETERMINED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF), EXCEPT TO THE EXTENT PRE-EMPTED BY FEDERAL LAW, WHICH SHALL GOVERN.

3.7 Notices. Communications shall be addressed and directed to the parties, as follows, or to such other address or recipient for a party as may be hereafter notified by such party hereunder:

(a) if to the Partnership : Sunoco LP
8111 Westchester Drive, Suite 600
Dallas, Texas 75225
Attn: Chief Human Resources Officer

Notices to the Partnership shall be deemed to have been duly given or made upon actual receipt by the Partnership.

(b) if to the Participant: to the address for Participant as it appears on the Partnership's records.

3.8 Severability. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or unenforceable, nor invalidate the other provisions hereof.

3.9 Amendments, Suspension and Termination . Solely to the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee. Except as provided in the preceding sentence, this Agreement cannot be modified, altered or amended, except by an agreement, in writing, signed by both the Partnership and the Participant

3.10 Code Section 409A

(a) General . This Agreement is intended to comply with the provisions of Section 409A of the Code (*"Section 409A"*) and this Agreement and the Plan shall, to the extent practicable, be construed in accordance therewith. Terms defined in this Agreement and the Plan shall have the meanings given such terms under Section 409A if and to the extent required to comply with Section 409A.

(b) Delayed Payment Rule . If and to the extent any portion of any payment provided to the Participant under this Agreement in connection with the Participant's "separation from service" (as defined in Section 409A) is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Participant is a "specified employee" (as defined in Section 409A(a)(2)(B)(i)), as determined by the Company and the Partnership in accordance with the procedures separately adopted by the Company and the Partnership for this purpose, by which determination the Participant, as a condition to accepting benefits under this Agreement and the Plan, agrees to be bound, such portion of the Restricted Units and, if applicable DERs, to be delivered on a vesting date shall not be delivered before the earlier of (i) the day that is six months plus one day after the date of separation from service (as determined under Section 409A) or (ii) the tenth (10th) day after the date of the Participant's death (as applicable, the *"New Payment Date"*). Any amount that is otherwise payable within the six (6) month period described in the preceding sentence, will be aggregated and paid in a lump sum without interest. In addition, if a distribution is paid by the Partnership with respect to its common units during the six month period between the Participant's separation from service and the New Payment Date, the Partnership shall calculate the distribution amount that the Participant would have received with respect to each Restricted Unit that is not settled through delivery of a common unit pursuant to this Section 15 during the six (6) month delay period and shall pay such amount, without interest, to the Participant on the New Payment Date

(c) Separate Payments, No Acceleration . For purposes of Section 409A, each payment or settlement of any portion of the Restricted Units under this Agreement shall be treated as a separate payment of compensation. None of the Company, the Partnership nor the Participant shall have the right to accelerate or defer the delivery of any such Restricted Units except to the extent specifically permitted or required by Section 409A.

(d) No Representation . The Company and the Partnership make no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments under this Agreement are determined to constitute deferred compensation subject to Section 409A but not to satisfy the conditions of that section.

3.11 Entire Agreement. This Agreement constitutes the entire understanding and supersedes any and all other agreements, oral or written, between the parties hereto, in respect of the subject matter of this Agreement and embodies the entire understanding of the parties with respect to the subject matter hereof.

BY ACCEPTING THIS AGREEMENT ONLINE YOU AGREE TO THE TERMS OF THE AWARD AS SPECIFIED HEREIN.

Exhibit 21.1

List of Subsidiaries

Allied Energy Company LLC, an Alabama limited liability company
Aloha Petroleum LLC, a Delaware limited liability company
Aloha Petroleum, Ltd., a Hawaii corporation
AMID Refined Products LLC, a Delaware limited liability company
AMID Caddo LLC, a Delaware limited liability company
AMID NLR LLC, a Delaware limited liability company
Coastline Transportation, Inc., a Texas corporation
Direct Fuels LLC, a Delaware limited liability company
Quick Stuff of Texas, Inc., a Texas corporation
Sandord Energy, LLC, a Texas limited liability company
Sandford Oil Company, Inc., a Texas corporation
Sandford Fuels, LLC, a Texas limited liability company
Sandford Oil South Texas, Inc., a Texas corporation
Sandford Petroleum, Inc., a Texas corporation
Sandford Transportation, LLC, a Texas limited liability company
SSP BevCo I, LLC, a Texas limited liability company
SSP BevCo II, LLC, a Texas limited liability company
SSP Beverage, LLC, a Texas limited liability company
Stripes Acquisition LLC, a Texas limited liability company
Sunoco Finance Corp., a Delaware corporation
Sunoco, LLC, a Delaware limited liability company
Sunoco Property Company LLC, a Delaware limited liability company
Sunmarks LLC, a Delaware limited liability company
Sunoco Retail LLC, a Pennsylvania limited liability company
TCFS Holdings, Inc., a Texas corporation
Town & Country Food Stores, Inc., a Texas corporation
TND Beverage, LLC, a Texas limited liability company
Western Transportation, Inc., a Texas corporation

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 22, 2019 , with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Sunoco LP on Form 10-K for the year ended December 31, 2018 . We consent to the incorporation by reference of said reports in the Registration Statements of Sunoco LP on Forms S-3 (File No. 333-227604, File No. 333-213057, and File No. 333-210494) and on Forms S-8 (File No. 333-228708 and File No. 333-184035).

/s/ GRANT THORNTON LLP

Dallas, Texas
February 22, 2019

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated February 22, 2019 , with respect to the financial statements of ETC M-A Acquisition LLC included in the Annual Report of Sunoco LP on Form 10-K for the year ended December 31, 2018 . We consent to the incorporation by reference of said report in the Registration Statements of Sunoco LP on Forms S-3 (File No. 333-227604, File No. 333-213057, and File No. 333-210494) and on Forms S-8 (File No. 333-228708 and File No. 333-184035).

/s/ GRANT THORNTON LLP

Dallas, Texas
February 22, 2019

Exhibit 31.1

CERTIFICATION

I, Joseph Kim, certify that:

1. I have reviewed this annual report on Form 10-K of Sunoco LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2019

/s/ *Joseph Kim*

Joseph Kim

President and Chief Executive Officer of Sunoco GP LLC, the general partner of Sunoco LP

Exhibit 31.2

CERTIFICATION

I, Thomas R. Miller, certify that:

1. I have reviewed this annual report on Form 10-K of Sunoco LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2019

/s/ *Thomas R. Miller*

Thomas R. Miller

Chief Financial Officer of Sunoco GP LLC, the general partner of Sunoco LP

Exhibit 32.1

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

In connection with this Annual Report on Form 10-K of Sunoco LP (the "Partnership") for the year ended December 31, 2018 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Kim, as President and Chief Executive Officer of Sunoco GP LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: February 22, 2019

/s/ *Joseph Kim*

Joseph Kim

President and Chief Executive Officer of Sunoco GP LLC, the general partner of Sunoco LP

This certification accompanies this Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

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

In connection with this Annual Report on Form 10-K of Sunoco LP (the "Partnership") for the year ended December 31, 2018 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas R. Miller, as Chief Financial Officer of Sunoco GP LLC, the general partner of Sunoco LP, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: February 22, 2019

/s/ *Thomas R. Miller*

Thomas R. Miller

Chief Financial Officer of Sunoco GP LLC, the general partner of Sunoco LP

This certification accompanies this Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Partnership for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 99.1

ETC M-A Acquisition LLC

Financial Statements
As of December 31, 2018 and 2017
Years Ended December 31, 2018 , 2017 and 2016

ETC M-A Acquisition LLC

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Report of Independent Registered Public Accounting Firm

Board of Directors of Energy Transfer Partners, L.L.C. and
Member of ETC M-A Acquisition LLC

Opinion on the financial statements

We have audited the accompanying balance sheets of ETC M-A Acquisition LLC (a Delaware limited liability company) (the "Company") as of December 31, 2018 and 2017, the related statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2014.

Dallas, Texas
February 22, 2019

ETC M-A Acquisition LLC
Balance Sheets
(Dollars in millions)

	December 31,	
	2018	**2017**
ASSETS		
Current assets:		
Advances to affiliated companies	$ 87	$ 52
Total current assets	87	52
Investment in unconsolidated affiliate	210	282
Total assets	$ 297	$ 334
LIABILITIES AND EQUITY		
Current liabilities:		
Accrued and other current liabilities	$ 3	$ 3
Total current liabilities	3	3
Commitments and contingencies		
Equity:		
Member's equity	294	331
Total equity	294	331
Total liabilities and equity	$ 297	$ 334

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

ETC M-A Acquisition LLC
Statements of Operations
(Dollars in millions)

	Year Ended December 31,		
	2018	**2017**	**2016**
(Loss) income from unconsolidated affiliate	$ (37)	$ 4	$ (53)
Net (loss) income	$ (37)	$ 4	$ (53)

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

ETC M-A Acquisition LLC
Statement of Equity
(Dollars in millions)

	Total
Balance, December 31, 2015	$ 360
Sunoco Retail Transaction	2,297
Distributions to ETP	(77)
R&M and Atlantic Distribution	(2,200)
Net loss	(53)
Balance, December 31, 2016	327
Net income	4
Balance, December 31, 2017	331
Net loss	(37)
Balance, December 31, 2018	$ 294

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

ETC M-A Acquisition LLC
Statements of Cash Flows
(Dollars in millions)

	Year Ended December 31,		
	2018	**2017**	**2016**
Cash flows from operating activities:			
Net (loss) income	$ (37)	$ 4	$ (53)
Reconciliation of net income to net cash provided by operating activities:			
Loss (income) from unconsolidated affiliate	37	(4)	53
Distributions from unconsolidated affiliate	35	35	30
Net cash provided by operating activities	35	35	30
Cash flows from investing activities:			
Proceeds from Sunoco Retail Transaction	—	—	2,200
Net cash provided by investing activities	—	—	2,200
Cash flows from financing activities:			
Advances to Sunoco, Inc.	(35)	(35)	(30)
R&M and Atlantic Distribution	—	—	(2,200)
Net cash used in financing activities	(35)	(35)	(2,230)
Change in cash and cash equivalents	—	—	—
Cash and cash equivalents, beginning of period	—	—	—
Cash and cash equivalents, end of period	$ —	$ —	$ —

	Year Ended December 31,		
	2018	**2017**	**2016**
Supplemental disclosure of non-cash financing activities:			
Non-cash distribution to members	$ —	$ —	$ (77)

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

ETC M-A Acquisition LLC
Notes to Financial Statements
(Dollars in millions)

1. Operations and Organization:

ETC M-A Acquisition LLC, a Delaware limited liability company formed in August 2013, (the "Company") is an indirect wholly-owned subsidiary of Energy Transfer Operating, L.P. ("ETO"). In October 2018, Energy Transfer Equity, L.P. ("ETE") and Energy Transfer Partners, L.P. ("ETP") completed a merger of ETP with a wholly-owned subsidiary of ETE in a unit-for-unit exchange. Following the closing of the merger, ETE changed its name to "Energy Transfer LP" and its common units began trading on the New York Stock Exchange under the "ET" ticker symbol on October 19, 2018. In addition, ETP changed its name to "Energy Transfer Operating, L.P."

In connection with the transaction, immediately prior to closing, ETE contributed 2,263,158 Sunoco LP common units to ETP in exchange for 2,874,275 ETP common units, and contributed 100% of the limited liability company interests in Sunoco LP's general partner, Sunoco GP LLC ("General Partner"), and all of its incentive distribution rights to ETP in exchange for 42,812,389 ETP common units. As a result, following the transaction, ETO directly owns Sunoco LP's General Partner, all of its incentive distribution rights and approximately 34.4% of its common units, which constitutes a 28.7% limited partner interest in Sunoco LP.

Prior to December 2, 2016, the Company's membership interests were owned 99% by ETP Retail Holdings, LLC ("Retail Holdings"), an indirect wholly-owned subsidiary of ETO, and 1% by another indirect wholly-owned subsidiary of ETO. On December 2, 2016, the 1% membership interest was contributed to Retail Holdings; therefore, the Company is now a direct wholly-owned subsidiary of Retail Holdings.

Retail Holdings was formed in May 2014. In June 2014, the equity interests in multiple entities were contributed to Retail Holdings, including (a) the 99% membership interest in the Company and (b) 100% of the membership interests in Sunoco, LLC ("Sunoco LLC"). Sunoco LLC was formed by Sunoco, Inc. ("Sunoco") in June 2014, at which time Sunoco contributed certain retail assets (the "Contributed Assets") of its subsidiaries to Sunoco LLC. Pursuant to the contribution agreement, Sunoco contributed substantially all of its wholesale motor fuel distribution business which included:

- dealer, distributor and fuel supply agreements,
- fuel supply agreements to distribute motor fuel to Sunoco convenience stores and other retail fuel outlets,
- real property owned in fee,
- leases and subleases under which it was a tenant, and
- leases and subleases under which it was a landlord.

All of the Contributed Assets were recorded at book value as this transaction was considered to be a reorganization of entities under common control. As discussed above, Sunoco contributed its interest in Sunoco LLC to Retail Holdings in June 2014. Sunoco was acquired by ETP in October 2012.

In April 2015, Sunoco LP acquired a 31.58% membership interest and 50.1% voting interest in Sunoco LLC from Retail Holdings (the "Sunoco LLC Transaction") in exchange for $775 million in cash and 795,482 Sunoco LP common units.

Sunoco Retail LLC ("Sunoco Retail") was formed in December 2015 as an indirect wholly-owned subsidiary of ETO. On March 31, 2016, 100% of the equity interests in Sunoco Retail were contributed to Retail Holdings. Immediately prior to this contribution, Sunoco Retail's assets included (i) the retail assets and the ethanol plant located in Fulton, NY formerly owned by Sunoco, Inc. (R&M), (ii) the retail assets formerly owned by Atlantic Refining & Marketing Corp; and (iii) 100% of the membership interests in Sunmarks LLC.

On March 31, 2016 (effective January 1, 2016), Retail Holdings contributed to Sunoco LP the remaining 68.42% membership interest and 49.9% voting interest in Sunoco LLC and 100% of the membership interest in Sunoco Retail for $2.2 billion in cash (including working capital) and the issuance to Retail Holdings of 5,710,922 Sunoco LP common units (the "Sunoco Retail Transaction"). Concurrently with the execution of the transaction, Retail Holdings distributed the $2.2 billion in cash to Sunoco, Inc. (R&M) and Atlantic Refining & Marketing Corp in the amount of $2 billion and $0.2 billion, respectively (the "R&M and Atlantic Distribution").

In connection with the Sunoco LLC Transaction and the Sunoco Retail Transaction, Retail Holdings entered into guarantees of collection on an aggregate $1.6 billion of senior notes issued by Sunoco LP (the "Guarantees"). On December 2, 2016, Retail Holdings contributed to the Company 6,506,404 Sunoco LP common units (consisting of 795,482 Sunoco LP common units received in the Sunoco LLC Transaction and 5,710,922 Sunoco LP common units received in the Sunoco Retail Transaction) and assigned to the Company the Guarantees.

On January 23, 2018, Sunoco LP redeemed the guaranteed senior notes and issued an aggregate $2.2 billion of senior notes for which the Company has guaranteed collection of principal amounts. See Note 4 for additional details.

2. Summary of Significant Accounting Policies:

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

For purposes of these financial statements, the aggregate total of 10,489,944 Sunoco LP common units are presented as the investment in unconsolidated affiliate held by the Company.

Use of Estimates

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

Cash

The Company considers cash and cash equivalents to include investments with original maturities of three months or less.

Investment in Unconsolidated Affiliate

The Company owns an interest in Sunoco LP which is accounted for by the equity method for which the Company exercises significant influence over, but does not control, the investee's operating and financial policies.

Income Taxes

As a limited liability company, the Company is treated as a disregarded entity for federal income tax purposes; therefore, the Company's financial statements do not reflect income taxes.

Fair Value of Financial Instruments

The carrying amounts recorded for advances to affiliated companies and accrued and other current liabilities in the financial statements approximate fair value because of the short-term maturity of the instruments.

3. Investment in Unconsolidated Affiliate:

Sunoco LP

At December 31, 2018, the Company's investment in Sunoco LP consisted of 10,489,944 Sunoco LP common units that were issued to the Company as part of the consideration for various transactions. The Company's investment represented approximately 13% of the total outstanding Sunoco LP common units at December 31, 2018. The Company's investment in Sunoco LP is accounted for in our financial statements using the equity method, because the Company is presumed to have significant influence over Sunoco LP due to the affiliate relationship resulting from both entities being under the common control of Energy Transfer Operating, L.P.

The loss from the unconsolidated affiliate of $37 million on the Company's statement of operations for the year ended December 31, 2018 includes the impact of non-cash impairments and loss on extinguishment of debt recorded by Sunoco LP, which impacted the Company's loss from unconsolidated affiliates by $4 million during the period.

The income from the unconsolidated affiliate of $4 million on the Company's statement of operations for the year ended December 31, 2017 includes the impact of non-cash impairments recorded by Sunoco LP, which reduced the Company's income from unconsolidated affiliates by $42.5 million during the period.

The loss from the unconsolidated affiliate of $53 million on the Company's statement of operations for the year ended December 31, 2016 includes the impact of non-cash impairments recorded by Sunoco LP, which impacted the Company's loss from unconsolidated affiliates by $67 million during the period.

4. Commitments and Contingencies:

ETC M-A Acquisition LLC Guarantee of Sunoco LP Notes

On January 23, 2018, Sunoco LP redeemed its previously guaranteed senior notes and issued the following senior notes, for which the Company has guaranteed collection with respect to the payment of principal amounts:

- $1 billion of 4.875% senior notes due 2023;
- $800 million of 5.50% senior notes due 2026; and
- $400 million of 5.875% senior notes due 2028.

Under the guarantee of collection, the Company would have the obligation to pay the principal of each series of notes once all remedies, including in the context of bankruptcy proceedings, have first been fully exhausted against Sunoco LP with respect to such payment obligation, and holders of the notes are still owed amounts in respect of the principal of such notes. The Company will not otherwise be subject to the covenants of the indenture governing the notes.

In connection with the issuance of the Notes, Sunoco LP entered into a registration rights agreement with the initial purchasers pursuant to which it agreed to complete an offer to exchange the Notes for an issue of registered notes with terms substantively identical to each series of Notes and evidencing the same indebtedness as the Notes on or before January 23, 2019. The exchange offer was completed on December 3, 2018.

5. Quarterly Financial Data (unaudited):

The following table provides certain quarterly financial information for the periods presented:

	2018				2017			
	4th QTR	3rd QTR	2nd QTR	1st QTR	4th QTR	3rd QTR	2nd QTR	1st QTR
(Loss) income from unconsolidated affiliate	$ (11)	$ 12	$ 7	$ (45)	$ 22	$ 11	$ (27)	$ (2)
Net (loss) income	(11)	12	7	(45)	22	11	(27)	(2)