AMERICAN COMMUNITY PROPERTIES TRUST
Form SC 13D/A
August 28, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Amendment No. 8)

Under the Securities Exchange Act of 1934

American Community Properties Trust
(Name of Issuer)

Common Stock, $.01 Par Value
(Title of Class of Securities)

02520N106
(CUSIP Number)

Robert L. Chapman, Jr.
Chapman Capital L.L.C.
1007 N. Sepulveda Blvd. #129
Manhattan Beach, CA 90267
(310) 373-0404
(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

August 26, 2008
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box ¨.

Note: Schedules filed in paper format shall include a signed original and five copies of the Schedule, including all exhibits. *See* Rule 13d-7(b) for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see* the *Notes*).

SCHEDULE 13D

CUSIP No. 02520N106

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON **Chapman Capital L.L.C. - 52-1961967**		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) **x** (b) ¨		
3	**SEC USE ONLY**		
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) **WC**		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **Not Applicable**		¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION **Delaware**		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER **0**	
	8	SHARED VOTING POWER **255,063 Common Shares**	
	9	SOLE DISPOSITIVE POWER **0**	
	10	SHARED DISPOSITIVE POWER **255,063 Common Shares**	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON **255,063 Common Shares**		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)		¨
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		

4.9%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IA

SCHEDULE 13D

CUSIP No. 02520N106

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON **Robert L. Chapman, Jr.**	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) **x** (b) ¨	
3	**SEC USE ONLY**	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) **Not Applicable**	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **Not Applicable**	¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION **United States**	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		
	7	SOLE VOTING POWER **0**
	8	SHARED VOTING POWER **255,063 Common Shares**
	9	SOLE DISPOSITIVE POWER **0**
	10	SHARED DISPOSITIVE POWER **255,063 Common Shares**

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON **255,063 Common Shares**	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)	¨
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	

4.9%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

SCHEDULE 13D

CUSIP No. 02520N106

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Westlake Real Estate L.L.C. - 91-2099899

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a) **x**
(b) ¨

3 **SEC USE ONLY**

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) ¨
Not Applicable

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER **0**
	8 SHARED VOTING POWER **48,913 Common Shares**
	9 SOLE DISPOSITIVE POWER **48,913 Common Shares**
	10 SHARED DISPOSITIVE POWER **0**

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
48,913 Common Shares

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) ¨

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.9%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

SCHEDULE 13D

CUSIP No. 02520N106

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON **Smallwood Real Estate L.L.C. - 91-2099900**		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) **x** (b) ¨		
3	**SEC USE ONLY**		
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) **WC**		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **Not Applicable**		¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION **Delaware**		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER **0**	
	8	SHARED VOTING POWER **54,950 Common Shares**	
	9	SOLE DISPOSITIVE POWER **54,950 Common Shares**	
	10	SHARED DISPOSITIVE POWER **0**	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON **54,950 Common Shares**		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)		¨
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		

1.1%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

SCHEDULE 13D

CUSIP No. 02520N106

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON **Fairway Real Estate L.L.C. - 91-2099901**	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) **x** (b) ¨	
3	**SEC USE ONLY**	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) **WC**	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **Not Applicable**	¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION **Delaware**	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER **0**
	8	SHARED VOTING POWER **40,114 Common Shares**
	9	SOLE DISPOSITIVE POWER **40,114 Common Shares**
	10	SHARED DISPOSITIVE POWER **0**

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON **40,114 Common Shares**	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)	¨
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	

0.8%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

SCHEDULE 13D

CUSIP No. 02520N106

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON **Piney Reach Real Estate L.L.C. - 91-2099898**		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) **x** (b) ¨		
3	**SEC USE ONLY**		
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) **WC**		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **Not Applicable**		¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION **Delaware**		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER **0**		
	8 SHARED VOTING POWER **53,367 Common Shares**		
	9 SOLE DISPOSITIVE POWER **53,367 Common Shares**		
	10 SHARED DISPOSITIVE POWER **0**		
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON **53,367 Common Shares**		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)		¨
13			

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.0%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

SCHEDULE 13D

CUSIP No. 02520N106

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON **Wooded Glen Real Estate L.L.C. - 91-2099897**	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) **x** (b) ¨	
3	**SEC USE ONLY**	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) **WC**	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) **Not Applicable**	¨
6	CITIZENSHIP OR PLACE OF ORGANIZATION **Delaware**	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER **0**
	8	SHARED VOTING POWER **57,719 Common Shares**
	9	SOLE DISPOSITIVE POWER **57,719 Common Shares**
	10	SHARED DISPOSITIVE POWER **0**

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON **57,719 Common Shares**	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)	¨

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) **1.1%**
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) **OO**

INTRODUCTION

This Schedule 13D Amendment ("13D Amendment #8") amends the original Schedule 13D filed March 30, 2000 (the "Original 13D") and all subsequent amendments thereto (collectively, the "13D Filings"), and is being filed on behalf of Westlake Real Estate L.L.C. ("Westlake"), Smallwood Real Estate L.L.C. ("Smallwood"), Fairway Real Estate L.L.C. ("Fairway"), Piney Reach Real Estate L.L.C. ("Piney Reach") and Wooded Glen Real Estate L.L.C. ("Wooded Glen"), Delaware limited liability companies (collectively, "the Funds"), Chapman Capital L.L.C., a Delaware limited liability company ("Chapman Capital"), and Robert L. Chapman, Jr., an individual ("Mr. Chapman" and, together with the Funds and Chapman Capital, the "Reporting Persons"). The 13D Filings relate to the common stock, $.01 par value per share, of American Community Property Trust, a Maryland real estate investment trust (the “Issuer” or "Company"). Unless the context otherwise requires, references herein to the "Common Stock" are to such common stock of the Company. Chapman Capital is the investment manager and adviser to the Funds. The Funds directly own the Common Stock to which the 13D Filings relate and over which Chapman Capital may be deemed to have control by virtue of the authority granted by the Funds to vote and to dispose of securities held by the Funds, including the Common Stock. Except as set forth herein, the Original 13D filing and all previous amendments thereto are unmodified.

ITEM 1. Security and Issuer

The 13D Filings relate to the Common Stock of the Company. The address of the principal executive offices of the Company is 222 Smallwood Village Center, St. Charles, Maryland 20602.

ITEM 2. Identity and Background

(a) This statement is being filed by the Reporting Persons.

(b) The mailing address of the principal business and principal office of the Funds, Chapman Capital and Mr. Chapman is 1007 N. Sepulveda Blvd. #129, Manhattan Beach, California 90267.

(c) The Fund’s present principal business is investing in marketable securities. Chapman Capital's present principal business is serving as the Investment Manager of the Funds. Mr. Chapman's principal occupation is serving as Managing Member of Chapman Capital.

(d) None of the Reporting Persons, nor, to the best of their knowledge, any of their directors, executive officers, general partners or members has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons, nor, to the best of their knowledge, any of their directors, executive officers, general partners or members has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Chapman is a citizen of the United States.

ITEM 3. Source and Amount of Funds or Other Consideration

The total amount of funds used by the Reporting Persons, to purchase the 255,063 Common Shares reported hereunder was $1,211,550 (including brokerage commissions). All of such funds were derived from working capital.

ITEM 4. Purpose of Transaction

The purpose of the acquisition of the securities of the Issuer beneficially owned by The Funds was to acquire such securities in the ordinary course of their trade or business of purchasing, selling, trading and investing in securities.

The Reporting Persons may in the future consider a variety of different alternatives to achieving their goal of maximizing shareholder value, including negotiated transactions, tender offers, proxy contests, consent solicitations, or other actions. However, it should not be assumed that such members will take any of the foregoing actions. The members of the Reporting Persons reserve the right to participate, alone or with others, in plans, proposals or transactions of a similar or different nature with respect to the Issuer.

The Reporting Persons intend to review their investment in the Issuer on a continuing basis and, depending on various factors, including the Issuer's business, affairs and financial position, other developments concerning the Issuer, the price level of the Common Stock, conditions in the securities markets and general economic and industry conditions, as well as other investment opportunities available to them, may in the future take such actions with respect to their investment in the Issuer as they deem appropriate in light of the circumstances existing from time to time. Such actions may include, without limitation, the purchase of additional shares of Common Stock in the open market, in block trades, or in privately negotiated transactions or otherwise, the sale at any time of all or a portion of the Common Stock now owned or hereafter acquired by them to one or more purchasers, the purchase or sale of Common Stock derivatives, or the distribution in kind at any time of all or a portion of the Common Stock now owned or hereafter acquired by them. The reasons for the Reporting Persons' past or prospective increase or decrease in hedged or unhedged exposure to Common Stock now or once owned, or hereinafter acquired, may include, without limitation, the implementation of risk management procedures that involve the purchase or sale of Common Stock into depreciating or appreciating market conditions. **Parties that purchase or sell Common Stock (or derivatives thereof) following the filing of the 13D Filings may be purchasing or selling Common Stock (or derivatives thereof) that is being sold or acquired by the Reporting Persons, respectively.**

The Reporting Persons are engaged in the investment business. In pursuing this business, Chapman Capital personnel analyze the operations, capital structure and markets of companies, including the Issuer, through analysis of documentation and discussions with knowledgeable industry and market observers and with representatives of such companies (often at the invitation of management). From time to time, Chapman Capital may hold discussions with third parties or with management of such companies in which the Reporting Person may suggest or take a position with respect to potential changes in the operations, management or capital structure of such companies as a means of enhancing shareholder value. Such suggestions or positions may relate to one or more of the transactions specified in clauses (a) through (j) of Item 4 of Schedule 13D under the Exchange Act, including, without limitation, such matters as disposing of or selling all or a portion of the Issuer or acquiring another Company or business, changing operating or marketing strategies, adopting or not adopting certain types of anti-takeover measures and restructuring the company's capitalization or dividend policy.

Robert L. Chapman Jr. has spoken extensively with management of the Issuer regarding the possibility of, or seeking to influence the management of the Issuer with respect to, business strategies, recapitalizations, sales of assets, negotiated or open-market stock repurchases or other extraordinary corporate transactions. In particular, Mr. Chapman seeks the partial or full liquidation of the Issuer's assets, which, after the repayment of all liabilities associated with the Issuer and its assets, Mr. Chapman believes would result in residual liquidation value to common shareholders in excess of $15.00 and possibly as high as $25 per share. Such estimate of residual value is based on an appraisal conducted by Robert A. Stanger & Company in association with the Issuer's spinoff from Interstate General Company L.P. in October 1998. It is Mr. Chapman's belief that since the time of such appraisal, the Issuer's assets have, as a whole, appreciated significantly based on the development and positive investment environment for those assets.

Robert L. Chapman Jr. continues to communicate with management of the Issuer regarding the possibility of, or seeking to influence the management of the Issuer with respect to, business strategies, recapitalizations, sales of assets, negotiated or open-market stock repurchases or other extraordinary corporate transactions. In particular, Mr. Chapman continues to question the prudence and persistence of the Issuer's highly-leveraged balance sheet and unacceptably slow rate of asset liquidation. Following Mr. Chapman's on-site due diligence of the Issuer's land developments in Puerto Rico and Maryland, it is the Reporting Persons' belief that the Net Asset Value of the Issuer has appreciated to over $30 per share based principally on the recent Meca Studios transaction between the Issuer's IGP subsidiary and Solomon Broadcasting Intl.

Between January 30, 2001 and February 6, 2001, Mr. Chapman attempted to arrange for a meeting between himself and Mr. J. Michael Wilson, Chief Executive Officer of the Issuer. The purpose of the meeting was to discuss the asset sale and potential deleveraging strategies sought by the Reporting Persons. Despite leaving seven messages with Mr. Wilson's office, no return phone calls were received by Mr. Chapman. Finally, on February 6, 2001, Mr. Wilson accepted one of Mr. Chapman's phone calls. Upon being asked by Mr. Chapman for an explanation for Mr. Wilson's non-responsiveness to a party overseeing the largest (9.5%) non-Wilson family block of the Issuer's shares, Mr. Wilson responded in a fashion unique to his apparent management style by stating, "You're a fucking pain in the ass and we don't want to talk to you." Mr. Wilson then disconnected from the telephone "conversation."

On December 29, 2006, Fairway made a distribution in kind of 17,475 shares of the Issuer to Fairway's members (as of December 29, 2006).

On March 30, 2007, Smallwood made a distribution in kind of 12,936 shares of the Issuer to Smallwood's members (as of March 30, 2007).

On April 2, 2007, Piney Reach made a distribution in kind of 9,712 shares of the Issuer to Piney Reach's members (as of March 30, 2007).

On July 2, 2007, Westlake made a distribution in kind of 25, 578 shares of the Issuer to Westlake's members (as of June 29, 2007).

On July 2, 2007, Fairway made a distribution in kind of 22,196 shares of the Issuer to Fairway's members (as of June 29, 2007).

Chapman Capital strongly contended that the Issuer should increase its capital efficiency via a significant increase in its common stock dividend. As a result, Chapman Capital intended to repeat past demands that the Issuer double its three-year old policy of a 10c/share quarterly dividend payout to 20c/share, a level at which Chapman Capital believed the Issuer would continue to operate with ample liquidity for its planned growth and maintenance capital expenditures.

On November 14, 2007, the Issuer announced that it would not be declaring its 4Q2007 dividend.

On December 31, 2007, Piney Reach made a distribution in kind of 6,031 shares of the Issuer to Piney Reach's members (as of December 31, 2007).

On March 17, 2008, the Issuer announced that it would not be declaring its 1Q2008 dividend. In addition, the Issuer suspended future dividends citing the downturn in the residential real estate market and the need to use its resources conservatively to meet existing financial commitments.

During the period from April 2008 through the current time, predominantly to satisfy the Funds' long-term tax planning, the Funds sold shares of the Issuer's Common Stock as noted in Item 5, below.

Except as set forth above, the Reporting Persons do not have any present plans or proposals that relate to or would result in any of the actions required to be described in Item 4 of Schedule 13D. Each of such members may, at any time, review or reconsider its position with respect to the Issuer and formulate plans or proposals with respect to any of such matters.

ITEM 5. Interests in Securities of the Company

(a) Together, the Reporting Persons beneficially own a total of 255,063 shares of Common Stock constituting 4.9% of all of the outstanding shares of Common Stock.

(b) The Reporting Persons have the shared power to vote or direct the vote of, and to dispose or direct the disposition of, the shares of Common Stock beneficially owned by them.

(c) The following transactions were effected by the Reporting Persons during the past sixty (60) days:

Westlake Real Estate L.L.C.

Date	Security	Amount of Shares/Contracts Bought/(Sold)	Approximate Price per Shares/Contracts (inclusive of commissions)
07/01/08	CS	(600)	$ 12.85
07/02/08	CS	(300)	$ 12.50
07/08/08	CS	(200)	$ 12.00
07/09/08	CS	(200)	$ 11.75
07/10/08	CS	(200)	$ 11.50
07/16/08	CS	(200)	$ 11.90
08/06/08	CS	(200)	$ 12.95
08/25/08	CS	(400)	$ 12.55
08/26/08	CS	(200)	$ 12.75
08/27/08	CS	(500)	$ 12.81

Smallwood Real Estate L.L.C.

Date	Security	(267,283)	
Trustee taxes payable		(17,225)	14,942
Change in derivatives		24,232	15,094
Financing obligation		89,613	—
Accrued expenses, all other current liabilities and other long term liabilities		(126,540)	(12,521)
Net cash (used in) provided by operating activities		(57,232)	49,634
Cash flows from investing activities			
Acquisitions		(561,757)	—
Capital expenditures		(33,163)	(44,260)

Proceeds from sale of property and equipment	1,251	3,405
Net cash used in investing activities	(593,669)	(40,855)
Cash flows from financing activities		
Proceeds from issuance of common units, net	109,305	—
Borrowings from (payments on) working capital revolving credit facility	168,200	(20,000)
Borrowings from (payments on) revolving credit facility	134,200	(162,100)
Proceeds from senior notes, net of discount	295,125	258,903
Payments on line of credit	(700)	—
Repayment of senior notes	—	(40,244)
Repurchase of common units	(2,442)	(1,824)
Noncontrolling interest capital contribution	1,880	4,200
Distribution to noncontrolling interest	(3,600)	(4,200)
Distributions to partners	(45,118)	(35,987)
Net cash provided by (used in) financing activities	656,850	(1,252)
Cash and cash equivalents		
	5,949	7,527

Increase in cash and cash equivalents				
Cash and cash equivalents at beginning of period		5,238		9,217
Cash and cash equivalents at end of period	$	11,187	$	16,744
Supplemental information				
Cash paid during the period for interest	$	25,117	$	22,130
Non-cash exchange of 6.25% senior notes due 2022	$	—	$	110,000

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

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GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF PARTNERS' EQUITY

(In thousands)

(Unaudited)

	Common Unitholders	General Partner Interest	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Partners' Equity
Balance at December 31, 2014	$ 599,406	$ 788	$ (13,252)	$ 49,214	$ 636,156
Issuance of common units	109,305	—	—	—	109,305
Net income	32,783	4,850	—	390	38,023
Noncontrolling interest capital contribution	—	—	—	1,880	1,880
Distribution to noncontrolling interest	—	—	—	(3,600)	(3,600)
Other comprehensive income	—	—	1,300	—	1,300
Unit-based compensation	2,072	—	—	—	2,072
Distributions to partners	(41,688)	(3,929)	—	—	(45,617)
Repurchase of common units	(2,442)	—	—	—	(2,442)
Dividends on repurchased units	499	—	—	—	499
Balance at June 30, 2015	$ 699,935	$ 1,709	$ (11,952)	$ 47,884	$ 737,576

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

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Organization and Basis of Presentation

Organization

Global Partners LP (the “Partnership”) is a midstream logistics and marketing master limited partnership formed in March 2005 engaged in the purchasing, selling and logistics of transporting petroleum and related products, including domestic and Canadian crude oil, gasoline and gasoline blendstocks (such as ethanol and naphtha), distillates (such as home heating oil, diesel and kerosene), residual oil, renewable fuels, natural gas and propane. The Partnership also receives revenue from convenience store sales and gasoline station rental income. The Partnership owns, controls or has access to one of the largest terminal networks of refined petroleum products and renewable fuels in Massachusetts, Maine, Connecticut, Vermont, New Hampshire, Rhode Island, New York, New Jersey and Pennsylvania (collectively, the “Northeast”). The Partnership owns transload and storage terminals in North Dakota and Oregon that extend its origin-to-destination capabilities from the mid-continent region of the United States and Canada to the East and West Coasts. The Partnership is one of the largest distributors of gasoline, distillates, residual oil and renewable fuels to wholesalers, retailers and commercial customers in the New England states and New York. As of June 30, 2015, the Partnership had a portfolio of 1,537 owned, leased and/or supplied gasoline stations, including 286 convenience stores, in the Northeast, Maryland and Virginia.

On January 7, 2015, the Partnership acquired, through one of its wholly owned subsidiaries, Global Montello Group Corp. (“GMG”), 100% of the equity interests in Warren Equities, Inc. (“Warren”) from The Warren Alpert Foundation. On January 14, 2015, through the Partnership's wholly owned subsidiary, Global Companies LLC (“Global Companies”), the Partnership acquired the Revere terminal (the “Revere Terminal”) located in Boston Harbor in Revere, Massachusetts from Global Petroleum Corp. (“GPC”) and related entities. On June 1, 2015, the Partnership acquired retail gasoline stations and dealer supply contracts from Capitol Petroleum Group (defined below) (“Capitol”). See Note 2.

Global GP LLC, the Partnership’s general partner (the “General Partner”), manages the Partnership’s operations and activities and employs its officers and substantially all of its personnel, except for most of its gasoline station and convenience store employees and certain union personnel who are employed by GMG or Drake Petroleum Company, Inc. (“Drake Petroleum”), both of which are wholly owned subsidiaries of the Partnership.

The General Partner, which holds a 0.67% general partner interest in the Partnership (reduced from 0.74% following the Partnership's public offering of common units discussed in Note 9), is owned by affiliates of the Slifka family. As of June 30, 2015, affiliates of the General Partner, including its directors and executive officers and their affiliates, owned 8,262,582 common units, representing a 24.3% limited partner interest.

Ownership by affiliates of the General Partner decreased by approximately 3,477,715 common units (from 37.9% at December 31, 2014 to 24.3% at June 30, 2015) primarily as a result of the liquidation and dissolution of AE Holdings Corp. ("AE Holdings"). Immediately prior to such liquidation and dissolution, the directors and executive officers of the General Partner were deemed to beneficially own the entire 5,850,000 common units that were then owned by AE Holdings. Upon the liquidation and dissolution of AE Holdings, the 5,850,000 common units were distributed to the stockholders of AE Holdings. An aggregate 1,956,234 common units were sold by the stockholders of AE Holdings to cover their respective tax liabilities resulting from their receipt of the common units. Approximately 2,306,960 common units of the original 5,850,000 common units are held by the directors and executive officers of the General Partner, and the remaining 1,586,806 common units are held by unaffiliated members of the Slifka family.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Basis of Presentation

The financial results of Capitol for the one month ended June 30, 2015 are included in the accompanying statements of operations for the three and six months ended June 30, 2015. The financial results of Warren and the Revere Terminal for the three and six months ended June 30, 2015 are included in the accompanying statements of operations for the three and six months ended June 30, 2015. The accompanying consolidated financial statements as of June 30, 2015 and December 31, 2014 and for the three and six months ended June 30, 2015 and 2014 reflect the accounts of the Partnership. Upon consolidation, all intercompany balances and transactions have been eliminated.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial condition and operating results for the interim periods. The interim financial information, which has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014 and notes thereto contained in the Partnership's Annual Report on Form 10-K. The significant accounting policies described in Note 2, "Summary of Significant Accounting Policies," of such Annual Report on Form 10-K are the same used in preparing the accompanying consolidated financial statements.

The results of operations for the three and six months ended June 30, 2015 are not necessarily indicative of the results of operations that will be realized for the entire year ending December 31, 2015. The consolidated balance sheet at December 31, 2014 has been derived from the audited consolidated financial statements included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2014.

Due to the nature of the Partnership's business and its reliance, in part, on consumer travel and spending patterns, the Partnership may experience more demand for gasoline and gasoline blendstocks during the late spring and summer months than during the fall and winter. Travel and recreational activities are typically higher in these months in the geographic areas in which the Partnership operates, increasing the demand for gasoline and gasoline blendstocks that the Partnership distributes. Therefore, the Partnership's volumes in gasoline and gasoline blendstocks are typically higher in the second and third quarters of the calendar year. As demand for some of the Partnership's refined petroleum products, specifically home heating oil and residual oil for space heating purposes, is generally greater during the winter months, heating oil and residual oil volumes are generally higher during the first and fourth quarters of the calendar year. These factors may result in fluctuations in the Partnership's quarterly operating results.

Reclassification

Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the current year presentation.

Noncontrolling Interest

These financial statements reflect the application of ASC 810, “Consolidations” (“ASC 810”) which establishes accounting and reporting standards that require: (i) the ownership interest in subsidiaries held by parties other than the parent to be clearly identified and presented in the consolidated balance sheet within shareholder’s equity, but separate from the parent’s equity; (ii) the amount of consolidated net income attributable to the parent and the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of operations and (iii) changes in a parent’s ownership interest while the parent retains its controlling financial interest in its subsidiary to be accounted for consistently.

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The Partnership acquired a 60% interest in Basin Transload, LLC ("Basin Transload") on February 1, 2013. After evaluating ASC 810, the Partnership concluded it is appropriate to consolidate the balance sheet and statement of operations of Basin Transload based on an evaluation of the outstanding voting interests. Amounts pertaining to the noncontrolling ownership interest held by third parties in the financial position and operating results of the Partnership are reported as a noncontrolling interest in the accompanying consolidated balance sheets and statements of operations.

Concentration of Risk

The following table presents the Partnership's sales, logistics revenue and rental income as a percentage of the consolidated sales for the periods presented:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2015		2014		2015		2014	
Gasoline sales: gasoline and gasoline blendstocks such as ethanol and naphtha	62	%	67	%	56	%	60	%
Crude oil sales and logistics revenue	13	%	14	%	11	%	13	%
Distillates (home heating oil, diesel and kerosene), residual oil, natural gas and propane sales	21	%	18	%	30	%	26	%
Convenience store sales, rental income and sundry sales	4	%	1	%	3	%	1	%
Total	100	%	100	%	100	%	100	%

None of the Partnership's customers accounted for greater than 10% of total sales for the three and six months ended June 30, 2015. The Partnership had one customer, ExxonMobil Corporation ("ExxonMobil") that accounted for approximately 17% and 16%, respectively, of total sales for the three and six months ended June 30, 2014, respectively.

Note 2. Business Combinations

Acquisition of Warren Equities, Inc.

On January 7, 2015, the Partnership acquired, through GMG, 100% of the equity interests in Warren, one of the largest independent marketers of petroleum products in the Northeast, from The Warren Alpert Foundation. The acquisition included 147 company-owned Xtra Mart convenience stores and related fuel operations, 53 commission agent locations and fuel supply rights for approximately 320 dealers. The acquired properties are located in the Northeast, Maryland and Virginia. The purchase price, inclusive of post-closing adjustments, was approximately \$381.8 million, including working capital. The acquisition was funded with borrowings under the Partnership's credit facility and with proceeds from its December 2014 public offering of 3,565,000 common units.

The acquisition was accounted for using the purchase method of accounting in accordance with the Financial Accounting Standards Board's ("FASB") guidance regarding business combinations. The Partnership's financial statements include the results of operations of Warren subsequent to the acquisition date.

The purchase price allocation is considered preliminary, and additional adjustments may be recorded during the allocation period in accordance with the FASB's guidance regarding business combinations. The purchase price allocation will be finalized as the Partnership receives additional information relevant to the acquisition, including a final valuation of the assets purchased, including tangible and intangible assets, and liabilities assumed.

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The following table presents the preliminary allocation of the purchase price to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Assets purchased:	
Accounts receivable	$ 9,101
Inventory	19,199
Prepaid expenses and other current assets	13,281
Property and equipment	253,097
Intangibles	36,560
Other non-current assets	16,605
Total identifiable assets purchased	347,843
Liabilities assumed:	
Accounts payable	(21,620)
Assumption of environmental liabilities	(36,088)
Taxes payable	(5,538)
Accrued expenses	(13,890)
Long-term deferred taxes	(74,154)
Other non-current liabilities	(9,739)
Total liabilities assumed	(161,029)
Net identifiable assets acquired	186,814
Goodwill	195,015
Net assets acquired	$ 381,829

During the quarter ended June 30, 2015, the Partnership recorded certain changes to the preliminary purchase accounting, specifically related to the values assigned to property and equipment, long-term deferred taxes and certain working capital assets and liabilities. The impact of these changes increased goodwill from $147.9 million at March 31, 2015 to $195.0 million at June 30, 2015.

The following represents the change in goodwill from the period ended March 31, 2015 to June 30, 2015 (in thousands):

Goodwill – March 31, 2015	$ 147,909

Decrease in fair value of property and equipment	78,194
Decrease in long-term deferred taxes	(31,701)
Increase in working capital assets and liabilities	613
Goodwill – June 30, 2015	$ 195,015

Management is currently in the process of evaluating the purchase price accounting. The Partnership engaged a third-party valuation firm to assist in the valuation of Warren's property and equipment, intangible assets consisting of supply contracts and favorable leasehold interests, and unfavorable leasehold interests. This valuation continues to be in progress and, at June 30, 2015, the estimated fair values of property and equipment of $253.1 million, intangibles assets of $36.6 million ($35.8 million of supply contracts and $0.8 million of favorable leasehold interests), and unfavorable leasehold interests of $2.5 million, which are included in other non-current liabilities, were developed by management based on their estimates, assumptions and acquisition history including preliminary reports from the third-party valuation firm. The estimated fair values of the property and equipment, intangible assets and unfavorable leasehold interests will be supported by the valuations performed by the third-party valuation firm.

The fair value of $36.1 million assigned to the assumption of environmental liabilities was developed by management based on their estimates, assumptions and acquisition history, including preliminary reports from third-

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party environmental engineers (see Note 12). The fair value of the environmental liabilities will be supported by the assessment performed by the third-party environmental engineers.

The long-term deferred tax liabilities of $74.2 million and short-term deferred tax assets of $2.1 million included in other current assets are primarily related to temporary differences associated with the fair value allocations of property and equipment and intangible assets, which are not deductible for tax purposes, net of acquired environmental liabilities and other deductible accrued liabilities.

The fair value of loan receivables purchased of $25.0 million was estimated by management based on the receivable's payment terms, assumptions of current interest rates and collectability and is included in other current assets and other non-current assets. The gross contractual amount for these loan receivables is $29.1 million, of which the Partnership estimates $2.4 million is not collectible.

The fair values of the remaining Warren assets and liabilities noted above approximate their carrying values at January 7, 2015. It is possible that once the Partnership receives the completed valuations on the property and equipment and intangible assets, the final purchase price accounting may be different than what is presented above.

The preliminary purchase price for the acquisition was allocated to assets acquired and liabilities assumed based on their estimated fair values. The Partnership then allocated the purchase price in excess of net tangible assets acquired to identifiable intangible assets, based upon on its estimates and assumptions. Any excess purchase price over the fair value of the net tangible and intangible assets acquired was allocated to goodwill.

The Partnership utilized accounting guidance related to intangible assets which lists the pertinent factors to be considered when estimating the useful life of an intangible asset. These factors include, in part, a review of the expected use by the Partnership of the assets acquired, the expected useful life of another asset (or group of assets) related to the acquired assets and legal, regulatory or other contractual provisions that may limit the useful life of an acquired asset. The Partnership amortizes these intangible assets over their estimated useful lives which is consistent with the estimated undiscounted future cash flows of these assets.

As part of the purchase price allocation, identifiable intangible assets include supply contracts and favorable leasehold interests that are being amortized over seven to ten years and five years, respectively. The weighted average life over which these acquired intangibles are being amortized is approximately ten and five years, respectively. The supply contracts are subject to renewals, and assumptions related to the renewals have been included in the determination of the value of the supply contracts at the date of acquisition. The Partnership determines the renewal assumptions used based on management's assumptions of future events, including customer demand, customer attrition rates, contract renewal length and market overall conditions. The supply contracts had a weighted average term of approximately five years prior to their next renewal. As the purchase price accounting is preliminary, the final assumptions related to the likelihood of renewals remains in process. Amortization expense related to the supply contracts amounted to $1.1 million and $1.9 million for the three and six months ended June 30, 2015, respectively.

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The estimated remaining amortization expense for the supply contracts acquired in connection with the acquisition for each of the five succeeding years and thereafter is as follows (in thousands):

2015 (7/1/2015-12/31/2015)	$ 1,873
2016	3,745
2017	3,745
2018	3,745
2019	3,745
Thereafter	17,075
Total	$ 33,928

Amortization related to the favorable leasehold interests was immaterial for the three and six months ended June 30, 2015. The estimated remaining amortization for favorable leasehold interests acquired in connection with the acquisition for each of the five succeeding years is as follows (in thousands):

2015 (7/1/2015-12/31/2015)	$ 76
2016	152
2017	152
2018	152
2019	152
Total	$ 684

The $195.0 million of goodwill was assigned to the Gasoline Distribution and Station Operations (“GDSO”) reporting unit. The goodwill recognized is attributable primarily to expected synergies and growth opportunities for the Partnership. For federal income tax purposes, the acquisition of Warren was deemed to be a stock purchase and, therefore, any recorded goodwill is not expected to be tax deductible. In accordance with the stock purchase agreement between the Partnership and Warren, the Partnership is ultimately not responsible for federal income tax obligations for the interim period, June 1, 2014 to January 6, 2015 (Warren’s fiscal year end was May 31). Any tax obligations will be funded by the selling shareholders. Any tax refund will be remitted to the selling shareholders.

In connection with the acquisition of Warren, the Partnership incurred acquisition costs totaling approximately $7.1 million, of which $1.0 million and $5.4 million were recorded for the three and six months ended June 30, 2015, respectively, and included in selling, general and administrative expenses in the accompanying consolidated statements of operations. The remaining acquisition costs were incurred in 2014. Additionally, in January 2015 and subsequent to the acquisition date, the Partnership recorded a restructuring charge of approximately $2.3 million, which is included in selling, general and administrative expenses in the accompanying consolidated statement of operations for the six months ended June 30, 2015. This charge, which is principally for redundant and/or eliminated positions as a result of the acquisition, was not part of the purchase price allocation. Approximately $0 and $0.5 million of the restructuring charge was paid during the three and six months ended June 30, 2015, respectively, and the remaining balance of $1.8 million is expected to be paid in full by December 31, 2015.

The acquisition of Warren complements the Partnership's existing retail presence in the Northeast and expands its footprint into the adjacent Mid-Atlantic region. The Warren operations have been integrated into the Partnership's GDSO reporting segment.

Acquisition of Revere Terminal

On January 14, 2015, through the Partnership's wholly owned subsidiary, Global Companies, the Partnership acquired the Revere Terminal located in Boston Harbor in Revere, Massachusetts from GPC, a privately held affiliate of

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the Partnership, and related entities for a purchase price of $23.7 million. The acquisition includes contingent consideration which would be payable under specific circumstances involving a subsequent sale of the property, and the purchase price may be adjusted in connection with any value assigned to the contingent consideration as the purchase price accounting is finalized. The Partnership financed the transaction with available capacity under its revolving credit facility. In connection with the Revere Terminal transaction, the pre-existing terminal storage rental and throughput agreement between the Partnership and GPC has terminated.

The acquisition was accounted for using the purchase method of accounting in accordance with the FASB's guidance regarding business combinations. As the acquisition transitioned the Revere Terminal from a formerly leased facility to an owned facility, the transaction did not have a material impact on the Partnership's consolidated financial statements.

The purchase price allocation is considered preliminary, and additional adjustments may be recorded during the allocation period in accordance with the FASB's guidance regarding business combinations. The purchase price allocation will be finalized as the Partnership receives additional information relevant to the acquisition, including a final valuation of the assets acquired, including tangible assets, and liabilities assumed, including liability for contingent consideration.

The following table presents the preliminary allocation of the purchase price to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Assets purchased:	
Property and equipment	$ 28,481
Total identifiable assets purchased	28,481
Liabilities assumed:	
Assumption of environmental liabilities	(3,074)
Other non-current liabilities	(1,757)
Total liabilities assumed	(4,831)
Net assets acquired	$ 23,650

During the quarter ended June 30, 2015, the Partnership recorded certain changes to the preliminary purchase accounting, primarily related to the values assigned to property and equipment and the assumption of environmental liabilities. The impact of these changes in the period did not change the net identifiable assets acquired.

Management is currently in the process of evaluating the purchase price accounting. The Partnership engaged a third-party valuation firm to assist in the valuation of the Revere Terminal's property and equipment. This valuation continues to be in progress and, during the quarter ended June 30, 2015, the Partnership received preliminary fair values of these assets which are shown in the table above. The estimated fair value of property and equipment of $28.5 million was developed by management based on their estimates, assumptions and acquisition history including preliminary reports from the third-party valuation firm. The estimated fair value of the property and equipment will be supported by valuations performed by the third-party valuation firm. It is possible that once the Partnership receives the completed valuations on the property and equipment, the final purchase price accounting may be different than what is presented above.

The fair value of $3.1 million assigned to the assumption of environmental liabilities was estimated by management based on their estimates, assumptions and acquisition history, including preliminary reports from third-party environmental engineers (see Note 12).

The Partnership is continuing its review of the estimated fair value of the assets acquired and liabilities assumed. Accordingly, the purchase price allocation, including any value attributable to contingent consideration, will be finalized

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as the Partnership receives additional information relevant to the acquisition and the assets acquired and liabilities assumed.

The fair values of the remaining Revere Terminal liabilities noted above approximate their carrying values at January 14, 2015.

Acquisition of Capitol Petroleum Group

On June 1, 2015, the Partnership acquired 97 primarily Mobil and Exxon branded owned or leased retail gasoline stations and seven dealer supply contracts in New York City and Prince George's County, Maryland, along with certain related supply and franchise agreements, and third-party leases and other assets associated with the operations from Liberty Petroleum Realty, LLC, East River Petroleum Realty, LLC, Big Apple Petroleum Realty, LLC, White Oak Petroleum, LLC, Anacostia Realty, LLC, Mount Vernon Petroleum Realty, LLC and DAG Realty, LLC (collectively, "Capitol Petroleum Group"). The purchase price was approximately $156.3 million. The acquisition was financed with borrowings under the Partnership's revolving credit facility.

The acquisition was accounted for using the purchase method of accounting in accordance with the FASB's guidance regarding business combinations. The Partnership's financial statements include the results of operations of Capitol subsequent to the acquisition date.

The purchase price allocation is considered preliminary, and additional adjustments may be recorded during the allocation period in accordance with the FASB's guidance regarding business combinations. The purchase price allocation will be finalized as the Partnership receives additional information relevant to the acquisition, including a final valuation of the assets purchased, including tangible and intangible assets, and liabilities assumed.

The following table presents the preliminary allocation of the purchase price to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

Assets purchased:	
Inventory	$ 238
Property and equipment	149,479
Intangibles	3,000
Other non-current assets	57
Total identifiable assets purchased	152,774
Liabilities assumed:	
Financing obligation	(89,613)
Assumption of environmental liabilities	(225)
Other non-current liabilities	(979)
Total liabilities assumed	(90,817)
Net identifiable assets acquired	61,957
Goodwill	94,321
Net assets acquired	$ 156,278

Management is currently in the process of evaluating the purchase price accounting. The Partnership engaged a third-party valuation firm to assist in the valuation of Capitol's property and equipment, intangible assets consisting of supply contracts and favorable leasehold interests, and unfavorable leasehold interests. This valuation continues to be in process and, during the quarter ended June 30, 2015, the Partnership received preliminary fair values of these assets. The estimated fair value of property and equipment of $149.5 million, including $59.9 million of owned property and equipment and $89.6 million of property and equipment for certain properties previously sold by Capitol within two sale-leaseback transactions that did not meet the criteria for sale accounting, and intangibles assets of $3.0 million

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($2.2 million of favorable leasehold interests and $0.8 million of supply contracts) were developed by management based on their estimates, assumptions and acquisition history including preliminary reports from the third-party valuation firm. The estimated fair value of unfavorable leasehold interests was immaterial. The estimated fair values of the property and equipment, intangible assets and unfavorable leasehold interests will be supported by the valuations performed by the third-party valuation firm. It is possible that once the Partnership receives the completed valuations on the property and equipment and intangible assets, the final purchase price accounting may be different than what is presented above.

The estimated fair value of property and equipment of $149.5 million includes $59.9 million of owned property and equipment and $89.6 million of certain properties previously sold by Capitol within two sale-leaseback transactions that did not meet the criteria for sale accounting. As a result of not meeting the criteria for sale accounting, the property and equipment sold and leased back by Capitol has not been derecognized and, in purchase accounting, the estimated fair value of property and equipment associated with these sites of $89.6 million has been recognized within property and equipment. Depreciation expense associated with these sale-leaseback properties amounted to $0.3 million for the three and six months ended June 30, 2015.

The financing obligation of $89.6 million recognized is attributable to the two sale-leaseback transactions discussed above that did not meet the criteria for sale accounting and, as a result, were accounted for as financing arrangements. These lease agreements mature on varying dates through 2029, and the fair value of $89.6 million assigned to the financing obligation was estimated by management based on the remaining payments attributable to the lease agreements over their terms and is equal to the estimated fair value of property and equipment associated with these sites. Over the course of the lease agreements, the lease rental payments will be classified as interest expense on the financing obligation and the pay-down of the financing obligation as opposed to operating expense. Interest expense associated with the financing obligation as for these sale-leaseback properties amounted to $0.8 million for the three and six months ended June 30, 2015. The financing obligation balance outstanding at June 30, 2015 was $89.6 million. The Partnership is in the process of completing its review over the valuation of the financing obligation recognized.

The fair value of $0.2 million assigned to the assumption of environmental liabilities was developed by management based on their estimates, assumptions and acquisition history (see Note 12).

The fair values of the remaining Capitol assets and liabilities noted above approximate their carrying values at June 1, 2015.

The preliminary purchase price for the acquisition was allocated to assets acquired and liabilities assumed based on their estimated fair values. The Partnership then allocated the purchase price in excess of net tangible assets acquired to identifiable intangible assets, based upon on their estimates and assumptions. Any excess purchase price over the fair value of the net tangible and intangible assets acquired was allocated to goodwill.

The Partnership utilized accounting guidance related to intangible assets which lists the pertinent factors to be considered when estimating the useful life of an intangible asset. These factors include, in part, a review of the expected use by the Partnership of the assets acquired, the expected useful life of another asset (or group of assets) related to the acquired assets and legal, regulatory or other contractual provisions that may limit the useful life of an acquired asset. The Partnership amortizes these intangible assets over their estimated useful lives which is consistent with the estimated undiscounted future cash flows of these assets.

As part of the purchase price allocation, identifiable intangible assets include supply contracts and favorable leasehold interests that are being amortized over seven and two years, respectively. The weighted average life over which these acquired intangibles are being amortized is approximately seven and two years, respectively. The supply contracts are subject to renewals, and assumptions related to the renewals have been included in the determination of the value of the supply contracts at the date of acquisition. The Partnership determines the renewal assumptions used based

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on management's assumptions of future events, including customer demand, customer attrition rates, contract renewal length and market overall conditions. The supply contracts had a weighted average term of approximately one year prior to their next renewal. As the purchase price accounting is preliminary, the final assumptions related to the likelihood of renewals remains in process. Amortization expense related to the supply contracts was immaterial for the three and six months ended June 30, 2015.

The estimated remaining amortization expense for the supply contracts acquired in connection with the acquisition for each of the five succeeding years and thereafter is as follows (in thousands):

2015 (7/1/15-12/31/15)	$ 57
2016	114
2017	114
2018	114
2019	114
Thereafter	277
Total	$ 790

Amortization of favorable leasehold interests was immaterial for the three and six months ended June 30, 2015. The estimated remaining amortization for favorable leasehold interests acquired in connection with the acquisition for each of the five succeeding years and thereafter is as follows (in thousands):

2015 (7/1/15-12/31/15)	$ 550
2016	1,100
2017	458
Total	$ 2,108

The $94.3 million of goodwill was assigned to the GDSO reporting unit. The goodwill recognized is attributable primarily to the expansion of the Partnership's presence in active markets in the East Coast in which the Partnership can leverage its existing operations and dealer relationships without significant incremental expense to grow the business. The transaction also positions the Partnership to expand through tuck-in acquisitions as well as new-to-industry sites. The goodwill is expected to be tax deductible. The operations of Capitol have been integrated into the Partnership's GDSO reporting segment.

In connection with the acquisition of Capitol, the Partnership incurred acquisition costs of approximately $3.1 million which was recorded for the three and six months ended June 30, 2015 and included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

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Goodwill

The following table presents the changes in goodwill (in thousands):

	Goodwill Allocated to		
	Wholesale Reporting Unit	GDSO Reporting Unit	Total
Balance at December 31, 2014	$ 121,752	$ 32,326	$ 154,078
Acquisition of Warren	—	195,015	195,015
Acquisition of Capitol	—	94,321	94,321
Balance at June 30, 2015	$ 121,752	$ 321,662	$ 443,414

Supplemental Pro Forma Information

Revenues and net income not included in the Partnership's consolidated operating results for Warren from January 1, 2015 through January 7, 2015, the acquisition date, were immaterial. Accordingly, the supplemental pro forma information for the six months ended June 30, 2015 is consistent with the amounts reported in the accompanying statement of operations for the six months ended June 30, 2015. As the acquisition transitioned the Revere Terminal from a formerly leased facility to an owned facility, the transaction did not have a material impact on the Partnership's consolidated financial statements.

The following unaudited pro forma information for 2015 presents the consolidated results of operations of the Partnership as if the acquisition of Capitol occurred at the beginning of the periods presented, with pro forma adjustments to give effect to certain adjustments. The following unaudited pro forma information for 2014 presents the consolidated results of operations of the Partnership as if the acquisitions of Warren and Capitol occurred at the beginning of the periods presented, with pro forma adjustments to give effect to intercompany sales and certain other adjustments (in thousands, except per unit data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Sales	$ 2,797,134	$ 5,117,271	$ 5,911,504	$ 10,753,875
Net income (loss) attributable to Global Partners LP	$ 6,611	$ (14,826)	$ 39,422	$ 37,097
Net income (loss) per limited partner unit, basic	$ 0.13	$ (0.58)	$ 1.12	$ 1.27
Net income (loss) per limited partner unit, diluted	$ 0.13	$ (0.58)	$ 1.12	$ 1.27

Pro forma information for Capitol for the three and six months ended June 30, 2014 is estimated based on annual revenues and net income. Warren's revenues and net income included in the Partnership's consolidated operating results from January 7, 2015, the acquisition date, through the period ended June 30, 2015 were $0.6 billion and $4.4 million, respectively. Capitol's revenues and net loss included in the Partnership's consolidated operating results from June 1, 2015, the acquisition date, through the period ended June 30, 2015 were $25.6 million and ($2.2 million), respectively.

Note 3. Net Income (Loss) Per Limited Partner Unit

Under the Partnership's partnership agreement, for any quarterly period, the incentive distribution rights ("IDRs") participate in net income only to the extent of the amount of cash distributions actually declared, thereby excluding the IDRs from participating in the Partnership's undistributed net income or losses. Accordingly, the Partnership's undistributed net income is assumed to be allocated to the common unitholders, or limited partners' interest, and to the General Partner's general partner interest.

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Common units outstanding as reported in the accompanying consolidated financial statements at June 30, 2015 and December 31, 2014 excluded 453,219 and 390,602 common units, respectively, held on behalf of the Partnership pursuant to its repurchase program (see Note 13). These units are not deemed outstanding for purposes of calculating net income per limited partner unit (basic and diluted).

The following table provides a reconciliation of net income (loss) and the assumed allocation of net income (loss) to the limited partners' interest for purposes of computing net income per limited partner unit for the three and six months ended June 30, 2015 and 2014 (in thousands, except per unit data):

	Three Months Ended June 30, 2015				Three Months Ended June 30, 2014			
Numerator:	Total	Limited Partner Interest	General Partner Interest	IDRs	Total	Limited Partner Interest	General Partner Interest	IDRs
Net income (loss) attributable to Global Partners LP (1)	$ 7,218	$ 4,547	$ 2,671	$ —	$ (12,719)	$ (13,752)	$ 1,033	$ —
Declared distribution	$ 26,320	$ 23,543	$ 159	$ 2,618	$ 18,772	$ 17,487	$ 146	$ 1,139
Assumed allocation of undistributed net income (loss)	(19,102)	(18,996)	(106)	—	(31,491)	(31,239)	(252)	—
Assumed allocation of net income (loss)	$ 7,218	$ 4,547	$ 53	$ 2,618	$ (12,719)	$ (13,752)	$ (106)	$ 1,139
Denominator:								
Basic weighted average limited partner units outstanding		31,037				27,244		
Dilutive effect of phantom units		177				—		
Diluted weighted average limited		31,214				27,244		

partner units outstanding		
Basic net income (loss) per limited partner unit	$ 0.15	$ (0.50)
Diluted net income (loss) per limited partner unit (2)	$ 0.15	$ (0.50)

(1) As a result of the June 2015 and December 2014 issuances of 3,000,000 and 3,565,000 common units, respectively, the general partner interest was reduced to 0.67% from 0.83%. As a result, the general partner interest was, based on a weighted average, 0.73% for the three months ended June 30, 2015. The general partner interest was 0.83% for the three months ended June 30, 2014.

(2) Basic units were used to calculate diluted net loss per limited partner unit for the three months ended June 30, 2014, as using the effects of phantom units would have an anti-dilutive effect on income per limited partner unit.

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	Six Months Ended June 30, 2015				Six Months Ended June 30, 2014			
Numerator:	Total	Limited Partner Interest	General Partner Interest	IDRs	Total	Limited Partner Interest	General Partner Interest	IDRs
Net income attributable to Global Partners LP (3)	$ 37,633	$ 32,783	$ 4,850	$ —	$ 44,291	$ 41,750	$ 2,541	$ —
Declared distribution	$ 49,580	$ 44,619	$ 316	$ 4,645	$ 37,095	$ 34,632	$ 289	$ 2,174
Assumed allocation of undistributed net income	(11,947)	(11,836)	(111)	—	7,196	7,118	78	—
Assumed allocation of net income	$ 37,633	$ 32,783	$ 205	$ 4,645	$ 44,291	$ 41,750	$ 367	$ 2,174
Denominator:								
Basic weighted average limited partner units outstanding		30,819				27,252		
Dilutive effect of phantom units		159				61		
Diluted weighted average limited partner units outstanding		30,978				27,313		
Basic net income per limited partner unit		$ 1.06				$ 1.53		
Diluted net income per limited partner unit		$ 1.06				$ 1.53		

(3) As a result of the June 2015 and December 2014 issuances of 3,000,000 and 3,565,000 common units, respectively, the general partner interest was reduced to 0.67% from 0.83%. As a result, the general partner interest was, based on a weighted average, 0.73% for the six months ended June 30, 2015. The general partner interest was 0.83% for the six months ended June 30, 2014.

During 2015, the board of directors of the General Partner declared the following quarterly cash distribution:

Cash Distribution Declaration Date	Per Unit Cash Distribution Declared			Distribution Declared for the Quarterly Period Ended
April 22, 2015	$	0.6800	(1)	March 31, 2015
July 22, 2015	$	0.6925	(1)	June 30, 2015

(1) This declared cash distribution resulted in an incentive distribution to the General Partner, as the holder of the IDRs, and enable the Partnership to exceed its third target level distribution with respect to such IDRs.

See Note 8, "Partners' Equity and Cash Distributions" for further information.

Note 4. Inventories

The Partnership hedges substantially all of its petroleum and ethanol inventory using a variety of instruments, primarily exchange-traded futures contracts. These futures contracts are entered into when inventory is purchased and are either designated as fair value hedges against the inventory on a specific barrel basis for inventories qualifying for fair value hedge accounting or not designated and maintained as economic hedges against certain inventory of the Partnership on a specific barrel basis. Changes in fair value of these futures contracts, as well as the offsetting change in fair value on the hedged inventory, is recognized in earnings as an increase or decrease in cost of sales. All hedged inventory designated in a fair value hedge relationship is valued using the lower of cost, as determined by specific identification, or market, as determined at the product level. All petroleum and ethanol inventory not designated in a fair value hedging relationship is carried at the lower of historical cost, on a first-in, first-out basis, or market.

Convenience store inventory and Renewable Identification Numbers ("RINs") inventory are carried at the lower of historical cost, on a first-in, first-out basis, or market.

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Inventories consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
Distillates: home heating oil, diesel and kerosene	$ 143,540	$ 163,679
Gasoline	80,706	82,080
Gasoline blendstocks	33,779	33,760
Crude oil	128,632	20,769
Residual oil	21,056	20,602
Propane and other	616	5,123
Renewable identification numbers (RINs)	561	2,057
Convenience store inventory	20,149	8,743
Total	$ 429,039	$ 336,813

In addition to its own inventory, the Partnership has exchange agreements for petroleum products with unrelated third-party suppliers, whereby it may draw inventory from these other suppliers and suppliers may draw inventory from the Partnership. Positive exchange balances are accounted for as accounts receivable and amounted to $6.3 million and $3.9 million at June 30, 2015 and December 31, 2014, respectively. Negative exchange balances are accounted for as accounts payable and amounted to $15.6 million and $16.5 million at June 30, 2015 and December 31, 2014, respectively. Exchange transactions are valued using current carrying costs and have no income statement impact.

Note 5. Derivative Financial Instruments

The Partnership principally uses derivative instruments, which include regulated exchange-traded futures and options contracts (collectively, “exchange-traded derivatives”) and physical and financial forwards and over-the counter (“OTC”) swaps (collectively, “OTC derivatives”), to reduce its exposure to unfavorable changes in commodity market prices and interest rates. The Partnership uses these exchange-traded and OTC derivatives to hedge commodity price risk associated with its inventory and undelivered forward commodity purchases and sales (“physical forward contracts”) and uses interest rate swap instruments to reduce its exposure to fluctuations in interest rates associated with the Partnership’s credit facilities. The Partnership accounts for derivative transactions in accordance with ASC 815, “Derivatives and Hedging,” and recognizes derivatives instruments as either assets or liabilities in the consolidated balance sheet and measures those instruments at fair value. The changes in fair value of the derivative transactions are presented currently in earnings, unless specific hedge accounting criteria are met.

The fair value of exchange-traded derivative transactions reflects amounts that would be received from or paid to the Partnership's brokers upon liquidation of these contracts. The fair value of these exchange-traded derivative transactions are presented on a net basis, offset by the cash balances on deposit with the Partnership's brokers, presented as brokerage margin deposits in the consolidated balance sheets. The fair value of OTC derivative transactions reflects amounts that would be received from or paid to a third party upon liquidation of these contracts under current market conditions. The fair value of these OTC derivative transactions is presented on a gross basis as derivative assets or derivative liabilities in the consolidated balance sheets, unless a legal right of offset exists. The presentation of the change in fair value of the Partnership's exchange-traded derivatives and OTC derivative transactions depends on the intended use of the derivative and the resulting designation.

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The following table summarizes the notional values related to the Partnership's derivative instruments outstanding at June 30, 2015:

	Units (1)	Unit of Measure
Exchange-Traded Derivatives		
Long	30,595	Thousands of barrels
Short	(35,295)	Thousands of barrels
OTC Derivatives (Petroleum/Ethanol)		
Long	9,940	Thousands of barrels
Short	(10,195)	Thousands of barrels
OTC Derivatives (Natural Gas)		
Long	12,305	Thousands of decatherms
Short	(12,340)	Thousands of decatherms
Interest Rate Swaps	$ 200.0	Millions of U.S. dollars
Interest Rate Cap	$ 100.0	Millions of U.S. dollars
Foreign Currency Derivatives		
Open Forward Exchange Contracts (2)	$ 2.2	Millions of Canadian dollars
	$ 1.8	Millions of U.S. dollars

(1) Number of open positions and gross notional values do not measure the Partnership's risk of loss, quantify risk or represent assets or liabilities of the Partnership, but rather indicate the relative size of the derivative instruments and are used in the calculation of the amounts to be exchanged between counterparties upon settlements.

(2) All-in forward rate Canadian dollars ("CAD") $1.2496 to USD $1.00.

Derivatives Accounted for as Hedges

The Partnership utilizes fair value hedges and cash flow hedges to hedge commodity price risk and interest rate risk.

Fair Value Hedges

Derivatives designated as fair value hedges are used to hedge price risk in commodity inventories and principally include exchange-traded futures contracts that are entered into in the ordinary course of business. For a derivative instrument designated as a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting change in fair value on the hedged item of the risk being hedged. Gains and losses related to fair value hedges are recognized in the consolidated statement of operations through cost of sales. These futures contracts are settled on a daily basis by the Partnership through brokerage margin accounts.

The Partnership's fair value hedges include exchange-traded futures contracts and OTC derivative contracts that are hedges against inventory with specific futures contracts matched to specific barrels. The change in fair value of these futures contracts and the change in fair value of the underlying inventory generally provide an offset to each other in the consolidated statement of operations.

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The following table presents the gains and losses from the Partnership's derivative instruments involved in fair value hedging relationships recognized in the consolidated statements of operations for the three and six months ended June 30, 2015 and 2014 (in thousands):

	Statement of Gain (Loss) Recognized in Income on Derivatives	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Derivatives in fair value hedging relationship					
Exchange-traded futures contracts and OTC derivative contracts for petroleum commodity products	Cost of sales	$ (16,609)	$ 6,207	$ 9,567	$ 22,580
Hedged items in fair value hedge relationship					
Physical inventory	Cost of sales	$ 17,289	$ (5,287)	$ (6,332)	$ (21,496)

Cash Flow Hedges

Derivatives designated as cash flow hedges are used to hedge interest rate risk from fluctuations in interest rates and may include various interest rate derivative instruments entered into with major financial institutions. For a derivative instrument being designated as a cash flow hedge, the effective portion of the derivative gain or loss is initially reported as a component of other comprehensive income (loss) and subsequently reclassified into the consolidated statement of operations through interest expense in the same period that the hedged exposure affects earnings. The ineffective portion is recognized in the consolidated statement of operations immediately.

The Partnership's cash flow hedges currently include interest rate swaps and an interest rate cap that are hedges of variability in forecasted interest payments due to changes in the interest rate on LIBOR-based borrowings, a summary of which includes the following designations:

· In October 2009, the Partnership executed an interest rate swap with a major financial institution. The swap, which became effective on May 16, 2011 and expires on May 16, 2016, is used to hedge the variability in interest payments due to changes in the one month LIBOR swap curve with respect to $100.0 million of one-month LIBOR-based borrowings on the credit facility at a fixed rate of 3.93%.

· In April 2011, the Partnership executed an interest rate cap with a major financial institution. The rate cap, which became effective on April 13, 2011 and expires on April 13, 2016, is used to hedge the variability in interest payments due to changes in the one-month LIBOR rate above 5.5% with respect to $100.0 million of one-month LIBOR-based borrowings on the credit facility.

· In September 2013, the Partnership executed an interest rate swap with a major financial institution. The swap, which became effective on October 2, 2013 and expires on October 2, 2018, is used to hedge the variability in cash flows in monthly interest payments due to changes in the one month LIBOR swap curve with respect to $100.0 million of one-month LIBOR-based borrowings on the credit facility at a fixed rate of 1.819%.

In the aggregate, these hedging instruments have historically been effective in hedging the variability in interest payments due to changes in the one month LIBOR swap curve or rate with respect to $300.0 million of one month LIBOR based borrowings on the credit facility.

In June 2014 and as a result of the issuance of the Partnership's $375.0 million aggregate principal amount of its 6.25% senior notes due 2022 (see Note 6), the Partnership determined that maintaining an excess of $300.0 million in principal of outstanding floating-rate debt was no longer probable. Therefore, the Partnership elected to de-designate its interest rate cap and discontinued the related hedge accounting for this instrument. Accordingly, at June 30, 2015, the Partnership had in place two interest rate swap agreements which are hedging $200.0 million of variable rate debt, both

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of which continue to be accounted for as cash flow hedges. The interest rate cap is not currently in a hedging relationship. Accordingly, all changes in fair value of this instrument subsequent to the date of de-designation are recorded in the consolidated statement of operations through interest expense.

The following table presents the amount of gains and losses from the Partnership's derivative instruments designated in cash flow hedging relationships recognized in the consolidated statements of operations and partners' equity for the three and six months ended June 30, 2015 and 2014 (in thousands):

Derivatives Designated in Cash Flow Hedging Relationship	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives (Effective Portion) Three Months Ended June 30, 2015	2014	Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Other Comprehensive Income into Income (Effective Portion) Three Months Ended June 30, 2015	2014
Interest rate swaps	$ 1,132	$ 35	Interest expense	$ —	$ —
Interest rate cap (1)	(5)	177	Interest expense	—	—
Total	$ 1,127	$ 212		$ —	$ —

	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Other Comprehensive Income into Income

Derivatives Designated in Cash Flow Hedging Relationship	Six Months Ended June 30, 2015	2014		(Effective Portion) Six Months Ended June 30, 2015	2014
Interest rate swaps	$ 1,179	$ 711	Interest expense	$ —	$ —
Interest rate cap (1)	(5)	160	Interest expense	—	—
Total	$ 1,174	$ 871		$ —	$ —

(1) The interest rate cap was de-designated as a cash flow hedge in June 2014. Prepaid interest rate caplet amounts recognized in accumulated other comprehensive income up until the date of de-designation have been frozen in partner's equity as of the de-designation date and are being amortized to income through the tenor of the interest rate cap instrument. The change in the fair value of the interest rate cap following de-designation is reflected in earnings and was immaterial for the three and six months ended June 30, 2015. As of June 30, 2015, the remaining unamortized prepaid interest rate caplets were $0.7 million and will be amortized over the remaining life for the interest rate cap which expires in April 2016.

The amount of gain (loss) recognized in income as ineffectiveness for derivatives designated in cash flow hedging relationships was $0 for the three and six months ended June 30, 2015 and 2014.

Derivatives NOT Accounted for as Hedges

The Partnership utilizes petroleum and ethanol commodity contracts, natural gas commodity contracts and foreign currency derivatives to hedge price and currency risk in certain commodity inventories and physical forward contracts.

Petroleum and Ethanol Commodity Contracts

The Partnership uses exchange-traded derivative contracts to hedge price risk in certain commodity inventories which do not qualify for fair value hedge accounting or are not designated by the Partnership as fair value hedges. Additionally, the Partnership uses exchange-traded derivative contracts, and occasionally financial forward and OTC

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swap agreements, to hedge commodity exposure associated with its physical forward contracts which are not designated by the Partnership as cash flow hedges. These physical forward contracts, to the extent they meet the definition of a derivative, are considered OTC physical forwards and are reflected as derivative assets or derivative liabilities in the consolidated balance sheet. The related exchange-traded derivative contracts (and financial forward and OTC swaps, if applicable) are also reflected as brokerage margin deposits (and derivative assets or derivative liabilities, if applicable) in the consolidated balance sheet, thereby creating an economic hedge. Changes in fair value of these derivative instruments are recognized in the consolidated statement of operations through cost of sales. These futures contracts are settled on a daily basis by the Partnership through brokerage margin accounts.

While the Partnership seeks to maintain a position that is substantially balanced within its commodity product purchase and sale activities, it may experience net unbalanced positions for short periods of time as a result of variances in daily purchases and sales and transportation and delivery schedules as well as other logistical issues inherent in the business, such as weather conditions. In connection with managing these positions, the Partnership is aided by maintaining a constant presence in the marketplace. The Partnership also engages in a controlled trading program for up to an aggregate of 250,000 barrels of commodity products at any one point in time. Changes in fair value of these derivative instruments are recognized in the consolidated statement of operations through cost of sales.

Natural Gas Commodity Contracts

The Partnership uses physical forward purchase contracts to hedge price risk associated with the marketing and selling of natural gas to third-party users. These physical forward purchase commitments for natural gas are typically executed when the Partnership enters into physical forward sale commitments of product for physical delivery. These physical forward contracts, to the extent they meet the definition of a derivative, are reflected as derivative assets and derivative liabilities in the consolidated balance sheet. Changes in fair value of the forward fixed price purchase and sale commitments are recognized in the consolidated statement of operations through cost of sales.

Foreign Currency Contracts

The Partnership uses forward foreign currency contracts to hedge certain foreign denominated (Canadian) commodity product purchases. These forward foreign currency contracts are not designated by the Partnership as hedges and are reflected as prepaid expenses and other current assets or accrued expenses and other current liabilities in the consolidated balance sheets. Changes in fair values of these forward foreign currency contracts are reflected in cost of sales.

The following table presents the gains and losses from the Partnership's derivative instruments not involved in a hedging relationships recognized in the consolidated statements of operations for the three and six months ended June 30, 2015 and 2014 (in thousands):

	Statement of Gain (Loss) Recognized in	Three Months Ended		Six Months Ended	
		June 30,	June 30,	June 30,	June 30,
Derivatives not designated as hedging instruments	Income on Derivatives	2015	2014	2015	2014
Commodity contracts	Cost of sales	$ 863	$ (12,055)	$ 4,513	$ 3,488
Forward foreign currency contracts	Cost of sales	14	(97)	32	(154)
Total		$ 877	$ (12,152)	$ 4,545	$ 3,334

Margin Deposits

All of Partnership's exchange-traded derivative contracts (designated and not designated) are transacted through clearing brokers. The Partnership deposits initial margin with the clearing brokers, along with variation margin, which is paid or received on a daily basis, based upon the changes in fair value of open futures contracts and settlement of closed

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futures contracts. Cash balances on deposit with clearing brokers and open equity are presented on a net basis within brokerage margin deposits in the consolidated balance sheets.

Commodity Contracts and Other Derivative Activity

The Partnership's commodity contract derivatives and other derivative activity include: (i) exchange-traded derivative contracts that are hedges against inventory and either do not qualify for hedge accounting or are not designated in a hedge accounting relationship, (ii) exchange-traded derivative contracts used to economically hedge physical forward contracts, (iii) financial forward and swap agreements used to economically hedge physical forward contracts, and (iv) the derivative instruments under the Partnership's controlled trading program. The Partnership does not take the normal purchase and sale exemption available under ASC 815 for its physical forward contracts.

The following table presents the fair value of each classification of the Partnership's derivative instruments and its location in the consolidated balance sheets at June 30, 2015 and December 31, 2014 (in thousands):

		June 30, 2015		
	Balance Sheet Location	Derivatives Designated as Hedging Instruments	Derivatives Not Designated as Hedging Instruments	Total
Asset Derivatives:				
Exchange-traded derivative contracts	Broker margin deposits	$ 10,470	$ 24,079	$ 34,549
Forward derivative contracts (1)	Derivative assets	—	47,153	47,153
Forward foreign currency contracts	Other Assets	—	22	22
Interest rate cap contract	Other assets	—	12	12
Total asset derivatives		$ 10,470	$ 71,266	$ 81,736
Liability Derivatives:				
Forward derivative contracts (1)	Derivative liabilities	$ —	$ 46,066	$ 46,066
Interest rate swap contracts	Other long-term liabilities	—	5,516	5,516
Total liability derivatives		$ —	$ 51,582	$ 51,582

		December 31, 2014		
	Balance Sheet Location	Derivatives Designated as Hedging Instruments	Derivatives Not Designated as Hedging Instruments	Total
Asset Derivatives:				
Exchange-traded derivative contracts	Broker margin deposits	$ 30,600	$ 90,890	$ 121,490
Forward derivative contracts (1)	Derivative assets	—	83,826	83,826
Forward foreign currency contracts	Other Assets	—	9	9
Interest rate cap contract	Other assets	—	17	17
Total asset derivatives		$ 30,600	$ 174,742	$ 205,342
Liability Derivatives:				
Forward derivative contracts (1)	Derivative liabilities	$ —	$ 58,507	$ 58,507
Interest rate swap contracts	Other long-term liabilities	—	6,696	6,696
Total liability derivatives		$ —	$ 65,203	$ 65,203

(1) Forward derivative contracts include the Partnership's petroleum and ethanol physical and financial forwards and OTC swaps.

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Credit Risk

The Partnership's derivative financial instruments do not contain credit risk related to other contingent features that could cause accelerated payments when these financial instruments are in net liability positions.

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to the Partnership's exchange-traded and OTC derivative contracts, but the Partnership has no current reason to expect any material nonperformance by any of these counterparties. Exchange-traded derivative contracts, the primary derivative instrument utilized by the Partnership, are traded on regulated exchanges, greatly reducing potential credit risks. The Partnership utilizes primarily three clearing brokers, all major financial institutions, for all New York Mercantile Exchange ("NYMEX"), Chicago Mercantile Exchange ("CME") and IntercontinentalExchange ("ICE") derivative transactions and the right of offset exists with these financial institutions under master netting agreements. Accordingly, the fair value of the Partnership's exchange-traded derivative instruments is presented on a net basis in the consolidated balance sheets. Exposure on OTC derivatives is limited to the amount of the recorded fair value as of the balance sheet dates.

Note 6. Debt

Credit Agreement

As of June 30, 2015, certain subsidiaries of the Partnership, as borrowers, and the Partnership and certain of its subsidiaries, as guarantors, had a $1.775 billion senior secured credit facility (the "Credit Agreement"). The Credit Agreement will mature on April 30, 2018.

As of June 30, 2015, there were two facilities under the Credit Agreement:

- a working capital revolving credit facility to be used for working capital purposes and letters of credit in the principal amount equal to the lesser of the Partnership's borrowing base and $1.0 billion; and

- a $775.0 million revolving credit facility to be used for acquisitions, joint ventures, capital expenditures, letters of credit and general corporate purposes.

In addition, the Credit Agreement has an accordion feature whereby the Partnership may request on the same terms and conditions of its then existing credit agreement, provided no Event of Default (as defined in the Credit Agreement) then exists, an increase to the working capital revolving credit facility, the revolving credit facility, or both, by up to another $300.0 million, in the aggregate, for a total credit facility of up to $2.075 billion. The Partnership cannot provide assurance, however, that its lending group will agree to fund any request by the Partnership for additional amounts in excess of the total available commitments of $1.775 billion.

In addition, the Credit Agreement includes a swing line pursuant to which Bank of America, N.A., as the swing line lender, may make swing line loans in U.S. Dollars in an aggregate amount equal to the lesser of (a) $50.0 million and (b) the Aggregate WC Commitments (as defined in the Credit Agreement). Swing line loans will bear interest at the Base Rate (as defined in the Credit Agreement). The swing line is a sub-portion of the working capital revolving credit facility and is not an addition to the total available commitments of $1.775 billion.

Pursuant to the Credit Agreement, and in connection with any agreement by and between a Loan Party and a Lender (as such terms are defined in the Credit Agreement) or affiliate thereof (an “AR Buyer”), a Loan Party may sell certain of its accounts receivables to an AR Buyer. The Loan Parties are permitted to sell or transfer any account receivable to an AR Buyer only pursuant to the provisions provided in the Credit Agreement. To date, the level of receivables sold has not been significant, and the Partnership has accounted for such transfers as sales pursuant to

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ASC 860, "Transfers and Servicing." Due to the short term nature of the receivables sold to date, no servicing obligation has been recorded because it would have been de minimis.

Availability under the working capital revolving credit facility is subject to a borrowing base which is redetermined from time to time based on specific advance rates on eligible current assets. Under the Credit Agreement, borrowings under the working capital revolving credit facility cannot exceed the then current borrowing base. Availability under the borrowing base may be affected by events beyond the Partnership's control, such as changes in petroleum product prices, collection cycles, counterparty performance, advance rates and limits, and general economic conditions. These and other events could require the Partnership to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. The Partnership can provide no assurance that such waivers, amendments or alternative financing could be obtained or, if obtained, would be on terms acceptable to the Partnership.

Borrowings under the working capital revolving credit facility bear interest at (1) the Eurocurrency rate plus 2.00% to 2.50%, (2) the cost of funds rate plus 2.00% to 2.50%, or (3) the base rate plus 1.00% to 1.50%, each depending on the Utilization Amount (as defined in the Credit Agreement). Borrowings under the revolving credit facility bear interest at (1) the Eurocurrency rate plus 2.25% to 3.25%, (2) the cost of funds rate plus 2.25% to 3.25%, or (3) the base rate plus 1.25% to 2.25%, each depending on the Combined Total Leverage Ratio (as defined in the Credit Agreement).

The average interest rates for the Credit Agreement were 3.4% and 3.5% for the three months ended June 30, 2015 and 2014, respectively, and 3.4% and 3.6% for the six months ended June 30, 2015 and 2014, respectively.

As of June 30, 2015, the Partnership had two interest rate swaps, both of which were used to hedge the variability in interest payments under the Credit Agreement due to changes in LIBOR rates. See Note 5 for additional information on these cash flow hedges. Additionally, the Partnership has an interest rate cap that is hedging variable interest. The cap is not designated for accounting purposes.

The Credit Agreement provides for a letter of credit fee equal to the then applicable working capital rate or then applicable revolver rate (each such rate as defined in the Credit Agreement) per annum for each letter of credit issued. In addition, the Partnership incurs a commitment fee on the unused portion of each facility under the Credit Agreement, ranging from 0.375% to 0.50% per annum.

The Partnership classifies a portion of its working capital revolving credit facility as a current liability and a portion as a long-term liability. The portion classified as a long-term liability represents the amounts expected to be outstanding during the entire year based on an analysis of historical borrowings under the working capital revolving credit facility, the seasonality of borrowings, forecasted future working capital requirements and forward product curves, and because the Partnership has a multi-year, long-term commitment from its bank group. Accordingly, at June 30, 2015, the Partnership estimates working capital revolving credit facility borrowings will equal or exceed $150.0 million over the next twelve months and, therefore, classifies $118.2 million as the current portion at June 30, 2015, representing the amount the Partnership expects to pay down over the next twelve months. The long-term portion of the working capital revolving credit facility was $150.0 million and $100.0 million at June 30, 2015 and December 31, 2014, respectively, and the current portion was $118.2 million and $0, at June 30, 2015 and December 31, 2014, respectively. The increase in total borrowings under the working capital revolving credit facility of $168.2 million from December 31, 2014 was primarily due to cash used in operating assets and liabilities during the period. Inventory increased due to higher volume stored and, accounts payable and receivables decreased as we exited the heating season.

As of June 30, 2015, the Partnership had total borrowings outstanding under the Credit Agreement of $536.2 million, including $268.0 million outstanding on the revolving credit facility. In addition, the Partnership had outstanding letters of credit of $59.1 million. Subject to borrowing base limitations, the total remaining availability for borrowings and letters of credit was $1.2 billion and $1.4 billion at June 30, 2015 and December 31, 2014, respectively.

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The Credit Agreement is secured by substantially all of the assets of the Partnership and the Partnership's wholly owned subsidiaries and is guaranteed by the Partnership and its subsidiaries with the exception of Basin Transload.

The Credit Agreement imposes certain requirements on the borrowers including, for example, a prohibition against distributions if any potential default or Event of Default (as defined in the Credit Agreement) would occur as a result thereof, and certain limitations on the Partnership's ability to grant liens, make certain loans or investments, incur additional indebtedness or guarantee other indebtedness, make any material change to the nature of the Partnership's business or undergo a fundamental change, make any material dispositions, acquire another company, enter into a merger, consolidation, sale leaseback transaction or purchase of assets, or make capital expenditures in excess of specified levels.

The Credit Agreement imposes financial covenants that require the Partnership to maintain certain minimum working capital amounts, a minimum combined interest coverage ratio, a maximum senior secured leverage ratio and a maximum total leverage ratio. The Partnership was in compliance with the foregoing covenants at June 30, 2015. The Credit Agreement also contains a representation whereby there can be no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect (as defined in the Credit Agreement). In addition, the Credit Agreement limits distributions by the Partnership to its unitholders to the amount of Available Cash (as defined in the Partnership's partnership agreement).

6.25% Senior Notes

On June 19, 2014, the Partnership and GLP Finance (the "Issuers") entered into a Purchase Agreement (the "Purchase Agreement") with the Initial Purchasers (as defined therein) (the "Initial Purchasers") pursuant to which the Issuers agreed to sell $375.0 million aggregate principal amount of the Issuers' 6.25% senior notes due 2022 (the "6.25% Notes") to the Initial Purchasers in a private placement exempt from the registration requirements under the Securities Act of 1933, as amended (the "Securities Act"). The 6.25% Notes were resold by the Initial Purchasers to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States pursuant to Regulation S under the Securities Act.

The Purchase Agreement contained customary representations and warranties of the parties and indemnification and contribution provisions under which the Issuers and the subsidiary guarantors, on one hand, and the Initial Purchasers, on the other, agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act. In addition, the Purchase Agreement required the execution of a registration rights agreement, described below, relating to the 6.25% Notes. Closing of the offering occurred on June 24, 2014.

Indenture

In connection with the private placement of the 6.25% Notes on June 24, 2014, the Issuers and the subsidiary guarantors and Deutsche Bank Trust Company Americas, as trustee, entered into an indenture (the "Indenture").

The 6.25% Notes mature on July 15, 2022 with interest accruing at a rate of 6.25% per annum and payable semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2015. The 6.25% Notes are guaranteed on a joint and several senior unsecured basis by each of the Issuers and the subsidiary guarantors to the extent set forth in the Indenture. Upon a continuing event of default, the trustee or the holders of at least 25% in principal amount of the 6.25% Notes may declare the 6.25% Notes immediately due and payable, except that an event of default resulting from entry into a bankruptcy, insolvency or reorganization with respect to the Partnership, any restricted subsidiary of the Partnership that is a significant subsidiary or any group of its restricted subsidiaries that, taken together, would constitute a significant subsidiary of the Partnership, will automatically cause the 6.25% Notes to become due and payable.

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The Issuers have the option to redeem up to 35% of the 6.25% Notes prior to July 15, 2017 at a redemption price (expressed as a percentage of principal amount) of 106.25% plus accrued and unpaid interest, if any. The Issuers have the option to redeem the 6.25% Notes, in whole or in part, at any time on or after July 15, 2017, at the redemption prices of 104.688% for the twelve-month period beginning on July 15, 2017, 103.125% for the twelve-month period beginning July 15, 2018, 101.563% for the twelve-month period beginning July 15, 2019, and 100.0% beginning on July 15, 2020 and at any time thereafter, together with any accrued and unpaid interest to the date of redemption. In addition, before July 15, 2017, the Issuers may redeem all or any part of the 6.25% Notes at a redemption price equal to the sum of the principal amount thereof, plus a make whole premium at the redemption date, plus accrued and unpaid interest, if any, to the redemption date. The holders of the notes may require the Issuers to repurchase the 6.25% Notes following certain asset sales or a Change of Control (as defined in the Indenture) at the prices and on the terms specified in the Indenture.

The Indenture contains covenants that will limit the Partnership's ability to, among other things, incur additional indebtedness and issue preferred securities, make certain dividends and distributions, make certain investments and other restricted payments, restrict distributions by its subsidiaries, create liens, enter into sale-leaseback transactions, sell assets or merge with other entities. Events of default under the Indenture include (i) a default in payment of principal of, or interest or premium, if any, on, the 6.25% Notes, (ii) breach of the Partnership's covenants under the Indenture, (iii) certain events of bankruptcy and insolvency, (iv) any payment default or acceleration of indebtedness of the Partnership or certain subsidiaries if the total amount of such indebtedness unpaid or accelerated exceeds $15.0 million and (v) failure to pay within 60 days uninsured final judgments exceeding $15.0 million.

Registration Rights Agreement

On June 24, 2014, the Issuers and the subsidiary guarantors entered into a registration rights agreement (the "Registration Rights Agreement") with the Initial Purchasers in connection with the Issuers' private placement of the 6.25% Notes. Under the Registration Rights Agreement, the Issuers and the subsidiary guarantors agreed to file and use commercially reasonable efforts to cause to become effective a registration statement relating to an offer to exchange the 6.25% Notes for an issue of SEC-registered notes with terms identical to the 6.25% Notes (except that the exchange notes are not subject to restrictions on transfer or to any increase in annual interest rate for failure to comply with the Registration Rights Agreement) that are registered under the Securities Act so as to permit the exchange offer to be consummated by the 360th day after June 24, 2014. The exchange offer was completed on April 21, 2015, and 100% of the 6.25% Notes have been exchanged for SEC registered notes.

7.00% Senior Notes

On June 1, 2015, the Issuers entered into a 7.00% Notes Purchase Agreement (the “7.00% Notes Purchase Agreement”) with the Initial Purchasers (as defined therein) (the “7.00% Notes Initial Purchasers”) pursuant to which the Issuers agreed to sell $300.0 million aggregate principal amount of the Issuers’ 7.00% senior notes due 2023 (the “7.00% Notes”) to the 7.00% Notes Initial Purchasers in a private placement exempt from the registration requirements under the Securities Act. The 7.00% Notes were resold by the 7.00% Notes Initial Purchasers to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States pursuant to Regulation S under the Securities Act.

The 7.00% Notes Purchase Agreement contained customary representations and warranties of the parties and indemnification and contribution provisions under which the Issuers and the subsidiary guarantors, on one hand, and the 7.00% Notes Initial Purchasers, on the other, agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act. In addition, the 7.00% Notes Purchase Agreement required the execution of a registration rights agreement, described below, relating to the 7.00% Notes. Closing of the offering occurred on June 4, 2015.

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Indenture

In connection with the private placement of the 7.00% Notes on June 4, 2015 the Issuers and the subsidiary guarantors and Deutsche Bank Trust Company Americas, as trustee, entered into an indenture (the "7.00% Notes Indenture").

The 7.00% Notes will mature on June 15, 2023 with interest accruing at a rate of 7.00% per annum and payable semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2015. The 7.00% Notes are guaranteed on a joint and several senior unsecured basis by each of the Issuers and the subsidiary guarantors to the extent set forth in the 7.00% Notes Indenture. Upon a continuing event of default, the trustee or the holders of at least 25% in principal amount of the 7.00% Notes may declare the 7.00% Notes immediately due and payable, except that an event of default resulting from entry into a bankruptcy, insolvency or reorganization with respect to the Partnership, any restricted subsidiary of the Partnership that is a significant subsidiary or any group of its restricted subsidiaries that, taken together, would constitute a significant subsidiary of the Partnership, will automatically cause the 7.00% Notes to become due and payable.

The Issuers will have the option to redeem up to 35% of the 7.00% Notes prior to June 15, 2018 at a redemption price (expressed as a percentage of principal amount) of 107.00% plus accrued and unpaid interest, if any. The Issuers have the option to redeem the 7.00% Notes, in whole or in part, at any time on or after June 15, 2018, at the redemption prices of 105.250% for the twelve-month period beginning June 15, 2018, 103.500% for the twelve-month period beginning June 15, 2019, 101.750% for the twelve-month period beginning June 15, 2020, and 100.0% beginning June 15, 2021 and at any time thereafter, together with any accrued and unpaid interest to the date of redemption. In addition, before June 15, 2018, the Issuers may redeem all or any part of the 7.00% Notes at a redemption price equal to the sum of the principal amount thereof, plus a make whole premium, plus accrued and unpaid interest, if any, to the redemption date. The holders of the 7.00% Notes may require the Issuers to repurchase the 7.00% Notes following certain asset sales or a Change of Control (as defined in the 7.00% Notes Indenture) at the prices and on the terms specified in the 7.00% Notes Indenture.

The 7.00% Notes Indenture contains covenants that will limit the Partnership's ability to, among other things, incur additional indebtedness and issue preferred securities, make certain dividends and distributions, make certain investments and other restricted payments, restrict distributions by its subsidiaries, create liens, enter into sale-leaseback transactions, sell assets or merge with other entities. Events of default under the 7.00% Notes Indenture include (i) a default in payment of principal of, or interest or premium, if any, on, the 7.00% Notes, (ii) breach of the Partnership's covenants under the 7.00% Notes Indenture, (iii) certain events of bankruptcy and insolvency, (iv) any payment default or acceleration of indebtedness of the Partnership or certain subsidiaries if the total amount of such indebtedness unpaid or accelerated exceeds $50.0 million and (v) failure to pay within 60 days uninsured final judgments exceeding $50.0 million.

Registration Rights Agreement

On June 4, 2015, the Issuers and the subsidiary guarantors entered into a registration rights agreement (the “7.00% Notes Registration Rights Agreement”) with the 7.00% Notes Initial Purchasers in connection with the Issuers’ private placement of the 7.00% Notes. Under the 7.00% Notes Registration Rights Agreement, the Issuers and the subsidiary guarantors have agreed to file and use commercially reasonable efforts to cause to become effective a registration statement relating to an offer to exchange the 7.00% Notes for an issue of SEC-registered notes with terms identical to the 7.00% Notes (except that the exchange notes will not be subject to restrictions on transfer or to any increase in annual interest rate for failure to comply with the 7.00% Notes Registration Rights Agreement) that are registered under the Securities Act so as to permit the exchange offer to be consummated by the 420th day after June 4, 2015. Under specified circumstances, the Issuers and the subsidiary guarantors have also agreed to use commercially reasonable efforts to cause to become effective a shelf registration statement relating to resales of the 7.00% Notes. If the exchange

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offer is not completed on or before the 420th day after June 4, 2015, the annual interest rate borne by the 7.00% Notes will be increased by 1.0% per annum until the exchange offer is completed or the shelf registration statement is declared effective (or automatically becomes effective).

Line of Credit

On December 9, 2013, Basin Transload entered into a line of credit facility which allows for borrowings by Basin Transload of up to $10.0 million on a revolving basis. The facility matures on December 9, 2015 and had an outstanding balance of $0 and $0.7 million at June 30, 2015 and December 31, 2014, respectively. The facility is secured by substantially all of the assets of Basin Transload and is not guaranteed by the Partnership or any of its wholly owned subsidiaries.

Financing Obligation

In connection with the Capitol acquisition on June 1, 2015, the Partnership assumed a financing obligation of $89.6 million associated with two sale-leaseback transactions by Capitol for 53 leased sites that did not meet the criteria for sale accounting. During the term of these leases, which expire in May 2028 and September 2029, in lieu of recognizing lease expense for the lease rental payments, the Partnership will incur interest expense associated with the financing obligation. Interest expense of approximately $0.8 million was recorded for the three and six months ended June 30, 2015 and included in interest expense in the accompanying statements of operations. The financing obligation will amortize through expiration of the lease based upon the lease rental payments. The $89.6 million recorded is based on preliminary purchase accounting. This amount may change as purchase accounting for the Capitol acquisition is finalized.

Deferred Financing Fees

The Partnership incurs bank fees related to its Credit Agreement and other financing arrangements. These deferred financing fees are amortized over the life of the Credit Agreement or other financing arrangements. The Partnership capitalized additional financing fees of $0.9 million for the three and six months ended June 30, 2015 associated with the issuance of the 7.00% Notes. Amortization expense of approximately $1.4 million and $1.3 million for the three months ended June 30, 2015 and 2014, respectively, and $2.9 million and $2.6 million for the six months ended

June 30, 2015 and 2014, respectively, are included in interest expense in the accompanying consolidated statements of operations. Unamortized fees are included in other current assets and other long-term assets.

Note 7. Related Party Transactions

The Partnership was a party to an exclusive Second Amended and Restated Terminal Storage Rental and Throughput Agreement, as amended (the “Terminal Storage Rental and Throughput Agreement”), with GPC, an affiliate of the Partnership that is 100% owned by members of the Slifka family, with respect to the Revere Terminal in Revere, Massachusetts. On January 14, 2015, the Partnership acquired the Revere Terminal from GPC and related entities, and the Terminal Storage Rental and Throughput Agreement has terminated (see Note 2). Prior to the acquisition, the agreement was accounted for as an operating lease. The expenses under this agreement totaled $0 and $2.3 million for the three months ended June 30, 2015 and 2014, respectively, and $0.8 million and $4.6 million for the six months ended June 30, 2015 and 2014, respectively.

The Partnership was a party to an Amended and Restated Services Agreement with GPC, whereby GPC provided certain terminal operating management services to the Partnership and used certain administrative, accounting and information processing services of the Partnership. The expenses from these services totaled approximately $0 and $24,000 for the three months ended June 30, 2015 and 2014, respectively, and $8,000 and $48,000 for the six months

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ended June 30, 2015 and 2014, respectively. These charges were recorded in selling, general and administrative expenses in the accompanying consolidated statements of operations.

On March 11, 2015, the Partnership entered into the following amendments and restatements to its shared services agreements: (i) Global Companies entered into an Amended and Restated Services Agreement with AE Holdings Corp. (the "AE Holdings Amended and Restated Services Agreement"), and (ii) certain of the Partnership's subsidiaries entered into a Second Amended and Restated Services Agreement with GPC (the "GPC Second Amended and Restated Services Agreement," and together with the AE Holdings Amended and Restated Services Agreement, the "Amended and Restated Services Agreements").

Under the AE Holdings Amended and Restated Services Agreement, the Partnership continues to provide AE Holdings with certain tax, accounting, treasury and legal support services for which AE Holdings pays the Partnership an aggregate of $15,000 per year in equal monthly installments. Under the GPC Second Amended and Restated Services Agreement, GPC no longer provides the Partnership with terminal, environmental and operational support services, but the Partnership continues to provide GPC with certain tax, accounting, treasury, legal, information technology, human resources and financial operations support services for which GPC pays the Partnership a monthly services fee at an agreed amount subject to the approval by the Conflicts Committee of the board of directors of the General Partner. The Amended and Restated Services Agreements are each for an indefinite term and any party may terminate some or all of the services upon ninety (90) days' advanced written notice. As of June 30, 2015, no such notice of termination was given by any party.

The General Partner employs substantially all of the Partnership's employees, except for most of its gasoline station and convenience store employees and certain union personnel, who are employed by GMG or Drake Petroleum. The Partnership reimburses the General Partner for expenses incurred in connection with these employees. These expenses, including payroll, payroll taxes and bonus accruals, were $49.2 million and $17.5 million for the three months ended June 30, 2015 and 2014, respectively, and $78.6 million and $48.7 million for the six months ended June 30, 2015 and 2014, respectively. The Partnership also reimburses the General Partner for its contributions under the General Partner's 401(k) Savings and Profit Sharing Plan and the General Partner's qualified and non-qualified pension plans.

The table below presents trade receivables with GPC and the Partnership and receivables from the General Partner (in thousands):

	June 30, 2015	December 31, 2014
Receivables from GPC	$ —	$ 108
Receivables from the General Partner (1)	5,275	3,795
Total	$ 5,275	$ 3,903

(1) Receivables from the General Partner reflect the Partnership's prepayment of payroll taxes and payroll accruals to the General Partner.

Note 8.Partners' Equity and Cash Distributions

Partners' Equity

Partners' equity at June 30, 2015 consisted of 33,995,563 common units issued, including 8,262,582 common units held by affiliates of the General Partner, including directors and executive officers, collectively representing a

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99.33% limited partner interest in the Partnership, and 230,303 general partner units representing a 0.67% general partner interest in the Partnership.

	Limited Partner Units	General Partner Equivalent Units	Total
Balance at December 31, 2014	30,995,563	230,303	31,225,866
Public offering of common units (see Note 9)	3,000,000	—	3,000,000
Balance at June 30, 2015	33,995,563	230,303	34,225,866

Partners' equity at June 30, 2015 and December 31, 2014 excluded common units outstanding of 453,219 and 390,602, respectively, held pursuant to the Repurchase Program and for future satisfaction of the General Partner's Obligations (as defined herein). See Note 13, "Long-Term Incentive Plan—Repurchase Program."

Cash Distributions

The Partnership intends to consider regular cash distributions to unitholders on a quarterly basis, although there is no assurance as to the future cash distributions since they are dependent upon future earnings, capital requirements, financial condition and other factors. The Credit Agreement prohibits the Partnership from making cash distributions if any potential default or Event of Default, as defined in the Credit Agreement, occurs or would result from the cash distribution.

Within 45 days after the end of each quarter, the Partnership will distribute all of its Available Cash (as defined in its partnership agreement) to unitholders of record on the applicable record date. The amount of Available Cash is all cash on hand on the date of determination of Available Cash for the quarter; less the amount of cash reserves established by the General Partner to provide for the proper conduct of the Partnership's business, to comply with applicable law, any of the Partnership's debt instruments, or other agreements or to provide funds for distributions to unitholders and the General Partner for any one or more of the next four quarters.

The Partnership will make distributions of Available Cash from distributable cash flow for any quarter in the following manner: 99.33% to the common unitholders, pro rata, and 0.67% to the General Partner, until the Partnership distributes for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter; and thereafter, cash in excess of the minimum quarterly distribution is distributed to the unitholders and the General Partner based on the percentages as provided below.

As holder of the IDRs, the General Partner is entitled to incentive distributions if the amount that the Partnership distributes with respect to any quarter exceeds specified target levels shown below:

	Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions			
		Unitholders		General Partner	
First Target Distribution	$ up to 0.4625	99.33	%	0.67	%
Second Target Distribution	above $0.4625 up to $0.5375	86.33	%	13.67	%
Third Target Distribution	above $0.5375 up to $0.6625	76.33	%	23.67	%
Thereafter	above $0.6625	51.33	%	48.67	%

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The Partnership paid the following cash distribution during 2015 (in thousands, except per unit data):

Cash Distribution Payment Date	Per Unit Cash Distribution	Common Units	General Partner	Incentive Distribution	Total Cash Distribution
02/13/15 (1)	$ 0.6650	$ 20,612	$ 154	$ 1,591	$ 22,357
5/15/2015 (2)	$ 0.6800	$ 21,076	$ 157	$ 2,027	23,260

(1) This distribution of $0.6650 per unit resulted in the Partnership exceeding its third target level distribution for the fourth quarter of 2014. As a result, the General Partner, as the holder of the IDRs, received an incentive distribution.

(2) This distribution of $0.6800 per unit resulted in the Partnership exceeding its third target level distribution for the first quarter of 2015. As a result, the General Partner, as the holder of the IDRs, received an incentive distribution.

In addition, on July 22, 2015, the board of directors of the General Partner declared a quarterly cash distribution of $0.6925 per unit ($2.77 per unit on an annualized basis) on all of its outstanding common units for the period from April 1, 2015 through June 30, 2015 to the Partnership's unitholders of record as of the close of business on August 5, 2015. This distribution will result in the Partnership exceeding its third target level distribution for the quarter ended June 30, 2015.

Note 9.Unitholders' Equity

Equity Offering

On June 11, 2015, the Partnership entered into an Underwriting Agreement (the "Underwriting Agreement") relating to the public offering of 3,000,000 common units at a price to the public of $38.12 per common unit. On June 16, 2015, the Partnership completed the offering, and the net proceeds of approximately $109.3 million (after deducting underwriting discounts and estimated expenses) were used to reduce indebtedness outstanding under the Partnership's revolving credit facility.

The common units issued pursuant to the Underwriting Agreement were registered under the Securities Act, pursuant to the Partnership's shelf registration statement on Form S-3 (File No. 333-204233) which was filed with the SEC and became effective on May 15, 2015.

At-the-Market Offering

On May 19, 2015, the Partnership entered into an Equity Distribution Agreement (the "Agreement") pursuant to which the Partnership may sell from time to time through its sales agents, the Partnership's common units having an aggregate offering price of up to $50.0 million. Sales of the common units, if any, will be made by any method permitted by law deemed to be an "at-the-market" offering, including ordinary brokers' transactions through the facilities of the New York Stock Exchange, to or through a market maker, or directly on or through an electronic communication network, a "dark pool" or any similar market venue, at market prices, in block transactions, or as otherwise agreed upon by the Partnership and one or more of its sales agents.

Under the terms of the Agreement, the Partnership may also sell common units to one or more of its sales agents as principal for its own account at a price to be agreed upon at the time of sale. Any sale of common units to a sales agent as principal would be pursuant to the terms of a separate agreement between the Partnership and such sales agent

The Partnership intends to use the net proceeds from any sales pursuant to the Agreement, after deducting the sales agents' commissions and the Partnership's offering expenses, for general partnership purposes, which may include, among other things, repayment of indebtedness, acquisitions and capital expenditures.

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The Common Units will be issued pursuant to the Partnership's existing effective shelf registration statement on Form S-3 (Registration No. 333-188982).

The sales agents and/or affiliates of each of the sales agents have, from time to time, performed, and may in the future perform, various financial advisory and commercial and investment banking services for the Partnership and its affiliates, for which they have received and in the future will receive customary compensation and expense reimbursement. Affiliates of the sales agents are lenders under the Partnership's credit facility and, accordingly, may receive a portion of the net proceeds from this offering if and to the extent any proceeds are used to reduce outstanding borrowings under the Partnership's credit facility.

As of June 30, 2015, no common units were sold by the Partnership pursuant to the Agreement.

Note 10.Segment Reporting

The Partnership engages in the purchasing, selling and logistics of transporting petroleum and related products, including domestic and Canadian crude oil, gasoline and gasoline blendstocks (such as ethanol and naphtha), distillates (such as home heating oil, diesel and kerosene), residual oil, renewable fuels, natural gas and propane. The Partnership also receives revenue from convenience store sales and gasoline station rental income. The Partnership's operating segments are based upon the revenue sources for which discrete financial information is reviewed by the chief operating decision maker (the "CODM") and include Wholesale, GDSO and Commercial. Each of these operating segments generates revenues and incurs expenses and is evaluated for operating performance on a regular basis.

These operating segments are also the Partnership's reporting segments based on the way the CODM manages the business and on the similarity of customers and expected long-term financial performance of each segment. For the three and six months ended June 30, 2015 and 2014, the Commercial operating segment did not meet the quantitative metrics for disclosure as a reportable segment on a stand-alone basis as defined in accounting guidance related to segment reporting. However, the Partnership has elected to present segment disclosures for the Commercial operating segment as management believes such disclosures are meaningful to the user of the Partnership's financial information. The accounting policies of the segments are the same as those described in Note 2, "Summary of Significant Accounting Policies," in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2014.

In the Wholesale reporting segment, the Partnership sells branded and unbranded gasoline and gasoline blendstocks and diesel to branded and unbranded gasoline customers and other resellers of transportation fuels. The Partnership aggregates crude oil by truck or pipeline in the mid-continent region of the United States and Canada, transports it by train and ships it by barge to refiners on the East and West Coasts. The Partnership sells home heating oil, diesel, kerosene, residual oil and propane to home heating oil and propane retailers and wholesale distributors. Generally, customers use their own vehicles or contract carriers to take delivery of the gasoline and distillate products at bulk terminals and inland storage facilities that the Partnership owns or controls or with which it has throughput or exchange arrangements. Additionally, ethanol is shipped primarily by rail and by barge.

In the GDSO reporting segment, gasoline distribution includes sales of branded and unbranded gasoline to gasoline station operators and sub jobbers. Station operations include convenience stores, rental income from gasoline stations leased to dealers or commissioned agents and sundry (car wash sales, lottery and ATM commissions). The results of Warren, acquired in January 2015, and Capitol, acquired in June 2015 (see Note 2), are included in the GDSO segment.

In the Commercial segment, the Partnership includes sales and deliveries to end user customers in the public sector and to large commercial and industrial end users of unbranded gasoline, home heating oil, diesel, kerosene, residual oil, bunker fuel and natural gas. In the case of public sector commercial and industrial end user customers, the

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Partnership sells products primarily either through a competitive bidding process or through contracts of various terms. The Partnership generally arranges for the delivery of the product to the customer's designated location, and the Partnership responds to publicly-issued requests for product proposals and quotes. The Commercial segment also includes sales of custom blended fuels delivered by barges or from a terminal dock to ships through bunkering activity.

The Partnership evaluates segment performance based on product margins before allocations of corporate and indirect operating costs, depreciation, amortization (including non-cash charges) and interest. Based on the way the CODM manages the business, it is not reasonably possible for the Partnership to allocate the components of operating costs and expenses among the reportable segments.

Summarized financial information for the Partnership's reportable segments is presented in the table below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Wholesale Segment :				
Sales				
Gasoline and gasoline blendstocks	$ 718,971	$ 2,153,729	$ 1,495,114	$ 4,148,285
Crude oil (1)	363,880	643,040	615,990	1,234,269
Other oils and related products (2)	401,083	588,280	1,344,776	2,001,051
Total	$ 1,483,934	$ 3,385,049	$ 3,455,880	$ 7,383,605
Product margin				
Gasoline and gasoline blendstocks	$ 17,708	$ (4,074)	$ 47,537	$ 45,589
Crude oil (1)	36,828	30,096	52,085	53,586
Other oils and related products (2)	6,405	8,527	41,412	43,143
Total	$ 60,941	$ 34,549	$ 141,034	$ 142,318
Gasoline Distribution and Station Operations Segment (3):				
Sales				
Gasoline	$ 906,511	$ 892,202	$ 1,603,845	$ 1,661,106
Station operations (4)	98,417	43,192	181,492	77,164
Total	$ 1,004,928	$ 935,394	$ 1,785,337	$ 1,738,270

Product margin				
Gasoline	$ 53,209	$ 39,043	$ 114,908	$ 72,323
Station operations (4)(5)	45,066	23,967	81,789	43,764
Total	$ 98,275	$ 63,010	$ 196,697	$ 116,087
Commercial Segment:				
Sales	$ 191,226	$ 249,177	$ 417,987	$ 564,673
Product margin	$ 7,023	$ 5,732	$ 18,581	$ 18,061
Combined sales and Product margin:				
Sales	$ 2,680,088	$ 4,569,620	$ 5,659,204	$ 9,686,548
Product margin (6)	$ 166,239	$ 103,291	$ 356,312	$ 276,466
Depreciation allocated to cost of sales	(22,051)	(15,606)	(43,566)	(29,757)
Combined gross profit	$ 144,188	$ 87,685	$ 312,746	$ 246,709

(1) Crude oil consists of the Partnership's crude oil sales and revenue from its logistics activities.

(2) Other oils and related products primarily consist of distillates, residual oil and propane.

(3) The GDSO segment for the three and six months ended June 30, 2015 includes the results of the January 2015 acquisition of Warren and the June 2015 acquisition of Capitol (see Note 2). As the Warren assets and the Capitol assets were not in place prior to 2015, the above results are not directly comparable to the prior periods.

(4) Station operations primarily consist of convenience stores sales at the Partnership's directly operated stores and rental income from gasoline stations leased to dealers or commissioned agents.

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(5) For the three and six months ended June 30, 2014, station operations includes the reclass of loss on asset sales from product margin to operating expenses to conform to the Partnership's current presentation.
(6) Product margin is a non-GAAP financial measure used by management and external users of our consolidated financial statements to assess our business. The table above includes a reconciliation of product margin on a combined basis to gross profit, a directly comparable GAAP measure.

A reconciliation of the totals reported for the reportable segments to the applicable line items in the consolidated financial statements is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Combined gross profit	$ 144,188	$ 87,685	$ 312,746	$ 246,709
Operating costs and expenses not allocated to operating segments:				
Selling, general and administrative expenses	45,391	31,673	94,177	68,971
Operating expenses	72,168	51,029	140,824	98,981
Amortization expense	3,070	4,524	8,411	9,052
Loss on asset sales	213	397	650	1,060
Total operating costs and expenses	120,842	87,623	244,062	178,064
Operating income	23,346	62	68,684	68,645
Interest expense	(16,451)	(12,246)	(30,414)	(23,353)
Income tax benefit (expense)	719	(94)	(247)	(416)
Net income (loss)	7,614	(12,278)	38,023	44,876
Net income attributable to noncontrolling interest	(396)	(441)	(390)	(585)
Net income (loss) attributable to Global Partners LP	$ 7,218	$ (12,719)	$ 37,633	$ 44,291

The Partnership's foreign assets and foreign sales were immaterial as of and for the three and six months ended June 30, 2015 and 2014.

Segment Assets

The Partnership acquired retail gasoline stations from Capitol in June 2015, Warren in January 2015, Alliance in March 2012 and ExxonMobil in September 2010 which have been allocated to the GDSO segment. The Partnership acquired the Revere Terminal in January 2015 which has been allocated to the Wholesale segment.

Due to the commingled nature and uses of the remainder of the Partnership's assets, it is not reasonably possible for the Partnership to allocate these assets among its reportable segments.

The table below presents total assets by reportable segment at June 30, 2015 and December 31, 2014 (in thousands):

	Wholesale	Commercial	GDSO	Unallocated	Total
June 30, 2015	$ 812,650	$ —	$ 1,409,868	$ 559,192	$ 2,781,710
December 31, 2014	$ 811,535	$ —	$ 622,860	$ 605,582	$ 2,039,977

The increase in total assets allocated GDSO at June 30, 2015 compared to December 31, 2014 is due to the January 2015 acquisition of Warren and the June 2015 acquisition of Capitol (Note 2).

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Note 11. Property and Equipment

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

	June 30, 2015	December 31, 2014
Buildings and improvements	$ 949,496	$ 667,172
Land	450,220	288,929
Fixtures and equipment	33,917	26,577
Construction in process	75,019	66,119
Capitalized internal use software	7,530	7,530
Total property and equipment	1,516,182	1,056,327
Less accumulated depreciation	275,643	231,276
Total	$ 1,240,539	$ 825,051

The increase of approximately $459.9 million in total property and equipment at June 30, 2015 was primarily due to the Partnership's 2015 acquisitions of Warren, Capitol and the Revere Terminal (see Note 2). At June 30, 2015 and December 31, 2014, construction in process included $30.5 million related to the Partnership's ethanol plant acquired from Cascade Kelly in 2013. Due to the nature of certain assets acquired from Cascade Kelly which are currently idle, the Partnership intends to make the capital improvements necessary to place the ethanol plant into service and expects the plant to be operational in 2016; therefore, as of June 30, 2015 and December 31, 2014, the recorded value of the ethanol plant is included in construction in process. After the plant has been successfully placed into service, depreciation will commence.

As part of continuing operations, the Partnership may periodically divest certain gasoline stations. The gain (loss) on the sale, representing cash proceeds less net book value of assets at disposition, is recorded in loss on asset sales in the accompanying consolidated statements of operations and amounted to $0.2 million and $0.4 million for the three months ended June 30, 2015 and 2014, respectively, and $0.6 million and $1.1 million for the six months ended June 30, 2015 and 2014, respectively.

The Partnership evaluates its assets for impairment on a quarterly basis. No impairments were required for the three or six months ended June 30, 2015 and 2014. However, at June 30, 2015, the Partnership had a $3.4 million remaining net book value of long-lived assets used in supplying compressed natural gas ("CNG") which is viewed as an alternative fuel to oil. The long-term recoverability of these assets might be adversely impacted by any prolonged decline in commodity prices or the cost differential between natural gas and oil. Over the long term, if oil remains an attractive alternative to CNG due to lower oil prices, this may become an indicator of the potential impairment of these CNG assets in the future. The Partnership monitors the pricing environment and the related impact this may have on the CNG operating and cash flows and whether this would constitute an impairment indicator.

Note 12. Environmental Liabilities, Asset Retirement Obligations and Renewable Identification Numbers

Environmental Liabilities

The Partnership owns or leases properties where refined petroleum products, renewable fuels and crude oil are being or may have been handled. These properties and the refined petroleum products, renewable fuels and crude oil handled thereon may be subject to federal and state environmental laws and regulations. Under such laws and regulations, the Partnership could be required to remove or remediate containerized hazardous liquids or associated generated wastes (including wastes disposed of or abandoned by prior owners or operators), to clean up contaminated

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property arising from the release of liquids or wastes into the environment, including contaminated groundwater, or to implement best management practices to prevent future contamination.

The Partnership maintains insurance of various types with varying levels of coverage that it considers adequate under the circumstances to cover its operations and properties. The insurance policies are subject to deductibles that the Partnership considers reasonable and not excessive. In addition, the Partnership has entered into indemnification agreements with various sellers in conjunction with several of its acquisitions. Allocation of environmental liability is an issue negotiated in connection with each of the Partnership's acquisition transactions. In each case, the Partnership makes an assessment of potential environmental liability exposure based on available information. Based on that assessment and relevant economic and risk factors, the Partnership determines whether to, and the extent to which it will, assume liability for existing environmental conditions.

In connection with the June 2015 acquisition of retail gasoline stations from Capitol (see Note 2), the Partnership assumed certain environmental liabilities, including future remediation activities required by applicable federal, state or local law or regulation at certain of the retail gasoline stations owned by Capitol. Certain environmental remediation obligations at most of the acquired retail gasoline station assets from Capitol are being funded by third parties who assumed certain liabilities in connection with Capitol's acquisition of these assets from ExxonMobil in 2009 and 2010 and, therefore, cost estimates for such obligations at these stations are not included in this estimate. As a result, the Partnership recorded, on an undiscounted basis, a total environmental liability of approximately $0.2 million.

In connection with the January 2015 acquisition of the Revere Terminal (see Note 2), the Partnership assumed certain environmental liabilities, including certain ongoing environmental remediation efforts. As a result, the Partnership recorded, on an undiscounted basis, a total environmental liability of approximately $3.1 million.

In connection with the January 2015 acquisition of Warren (see Note 2), the Partnership assumed certain environmental liabilities, including certain ongoing environmental remediation efforts at certain of the retail gasoline stations owned by Warren and future remediation activities required by applicable federal, state or local law or regulation. As a result, the Partnership recorded, on an undiscounted basis, a total environmental liability of approximately $36.1 million.

The $0.2 million, $3.1 million and $36.1 million recorded for Capitol, the Revere Terminal and Warren, respectively, were based on preliminary purchase accounting. These amounts may change as the purchase price accounting is finalized.

In connection with the December 2012 acquisition of six New England retail gasoline stations from Mutual Oil, the Partnership assumed certain environmental liabilities, including certain ongoing remediation efforts. As a result, the Partnership initially recorded, on an undiscounted basis, a total environmental liability of approximately $0.6 million.

In connection with the March 2012 acquisition of Alliance, the Partnership assumed Alliance's environmental liabilities, including ongoing environmental remediation at certain of the retail gasoline stations owned by Alliance and future remediation activities required by applicable federal, state or local law or regulation. Remedial action plans are in place, as may be applicable with the state agencies regulating such ongoing remediation. Based on reports from environmental engineers, the Partnership's estimated cost of the ongoing environmental remediation for which Alliance was responsible and future remediation activities required by applicable federal, state or local law or regulation is estimated to be approximately $16.1 million to be expended over an extended period of time. Certain environmental remediation obligations at the retail stations acquired by Alliance from ExxonMobil in 2011 are being funded by a third party who assumed the liability in connection with the Alliance/ExxonMobil transaction in 2011 and, therefore, cost estimates for such obligations at these stations are not included in this estimate. As a result, the Partnership initially recorded, on an undiscounted basis, total environmental liabilities of approximately $16.1 million.

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In connection with the September 2010 acquisition of retail gasoline stations from ExxonMobil, the Partnership assumed certain environmental liabilities, including ongoing environmental remediation at and monitoring activities at certain of the acquired sites and future remediation activities required by applicable federal, state or local law or regulation. Remedial action plans are in place with the applicable state regulatory agencies for the majority of these locations, including plans for soil and groundwater treatment systems at certain sites. Based on consultations with environmental engineers, the Partnership's estimated cost of the remediation is expected to be approximately $30.0 million to be expended over an extended period of time. As a result, the Partnership initially recorded, on an undiscounted basis, total environmental liabilities of approximately $30.0 million.

In addition to the above-mentioned environmental liabilities related to the Partnership's retail gasoline stations, the Partnership retains environmental obligations associated with certain gasoline stations that the Partnership has sold.

In connection with the June 2010 acquisition of three refined petroleum products terminals in Newburgh, New York, the Partnership assumed certain environmental liabilities, including certain ongoing remediation efforts. As a result, the Partnership initially recorded, on an undiscounted basis, a total environmental liability of approximately $1.5 million.

In connection with the November 2007 acquisition of ExxonMobil's Glenwood Landing and Inwood, New York terminals, the Partnership assumed certain environmental liabilities, including the remediation obligations under remedial action plans submitted by ExxonMobil to and approved by the New York Department of Environmental Conservation ("NYDEC") with respect to both terminals. As a result, the Partnership initially recorded, on an undiscounted basis, total environmental liabilities of approximately $1.2 million.

The following table presents a summary roll forward of the Partnership's environmental liabilities at June 30, 2015 (in thousands):

Environmental Liability Related to:	Balance at December 31, 2014	Additions 2015	Payments in 2015	Dispositions 2015	Other Adjustments	Balance at June 30, 2015
Retail Gasoline Stations	$ 35,792	$ 36,313	$ (1,670)	$ (67)	$ (174)	$ 70,194
Terminals	1,771	3,074	(34)	—	—	4,811

Total environmental liabilities	$ 37,563	$ 39,387	$ (1,704)	$ (67)	$ (174)	$ 75,005
Current portion	$ 3,101					$ 3,067
Long-term portion	34,462					71,938
Total environmental liabilities	$ 37,563					$ 75,005

The Partnership's estimates used in these environmental liabilities are based on all known facts at the time and its assessment of the ultimate remedial action outcomes. Among the many uncertainties that impact the Partnership's estimates are the necessary regulatory approvals for, and potential modification of, its remediation plans, the amount of data available upon initial assessment of the impact of soil or water contamination, changes in costs associated with environmental remediation services and equipment, relief of obligations through divestures of sites and the possibility of existing legal claims giving rise to additional claims. Dispositions generally represent relief of legal obligations through the sale of the related property with no retained obligation. Other adjustments generally represent changes in estimates for existing obligations or obligations associated with new sites. Therefore, although the Partnership believes that these environmental liabilities are adequate, no assurances can be made that any costs incurred in excess of these environmental liabilities or outside of indemnifications or not otherwise covered by insurance would not have a material adverse effect on the Partnership's financial condition, results of operations or cash flows.

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Asset Retirement Obligations

The Partnership is required to account for the legal obligations associated with the long-lived assets that result from the acquisition, construction, development or operation of long-lived assets. Such asset retirement obligations specifically pertain to the treatment of underground gasoline storage tanks ("USTs") that exist in those states which statutorily require removal of the USTs at a certain point in time. Specifically, the Partnership's retirement obligations consist of the estimated costs of removal and disposals of USTs in specific states.

The fair value of a liability for an asset retirement obligation is recognized in the year in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying cost of the asset. The Partnership had approximately $6.6 million and $3.8 million in total asset retirement obligations at June 30, 2015 and December 31, 2014, respectively, which are included in other long-term liabilities in the accompanying balance sheets. Approximately $1.9 million and $0.8 million of these obligations at June 30, 2015 were assumed in the acquisitions of Warren and Capitol, respectively, and were based on preliminary purchase accounting. These amounts may change as the purchase price accounting valuations are finalized.

Renewable Identification Numbers (RINs)

A Renewable Identification Number ("RIN") is a serial number assigned to a batch of renewable fuel for the purpose of tracking its production, use and trading as required by the Environmental Protection Agency's (the "EPA") Renewable Fuel Standard that originated with the Energy Policy Act of 2005 and modified by the Energy Independence and Security Act of 2007. To evidence that the required volume of renewable fuel is blended with gasoline and diesel motor vehicle fuels, obligated parties must retire sufficient RINs to cover their Renewable Volume Obligation ("RVO"). The Partnership's EPA obligations relative to renewable fuel reporting are largely limited to the foreign gasoline that the Partnership may choose to import and a small amount of blending operations at certain facilities. As a wholesaler of transportation fuels through its terminals, the Partnership separates RINs from renewable fuel through blending with gasoline and can use those separated RINs to settle its RVO. While the annual compliance period for the RVO is a calendar year and the settlement of the RVO typically occurs by March 31 of the following year, the settlement of the RVO can occur, under certain EPA deferral actions, more than one year after the close of the compliance period.

The Partnership's Wholesale segment's operating results are sensitive to the timing associated with its RIN position relative to its RVO at a point in time, and the Partnership may recognize a mark-to-market liability for a shortfall in RINs at the end of each reporting period. To the extent that the Partnership does not have a sufficient number of RINs to satisfy the RVO as of the balance sheet date, the Partnership charges cost of sales for such deficiency based on the market price of the RINs as of the balance sheet date and records a liability representing the Partnership's obligation to purchase RINs. The Partnership's RVO deficiency was $0.2 million and $0.3 million at June 30, 2015 and December 31, 2014, respectively.

The Partnership may enter into RIN forward purchase and sales commitments. Total losses from firm non-cancellable commitments were immaterial at June 30, 2015 and December 31, 2014.

Note 13. Long-Term Incentive Plan

The Partnership has a Long Term Incentive Plan, as amended (the "LTIP") whereby a total of 4,300,000 common units were initially authorized for delivery with respect to awards under the LTIP. The LTIP provides for awards to employees, consultants and directors of the General Partner and employees and consultants of affiliates of the Partnership who perform services for the Partnership. The LTIP allows for the award of options, unit appreciation rights, restricted units, phantom units, distribution equivalent rights, unit awards and substitute awards.

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Awards granted under the LTIP are authorized by the Compensation Committee of the board of directors of the General Partner (the "Committee") from time to time. Additionally and in accordance with the LTIP, the Committee established a "CEO Authorized LTIP" program pursuant to which the Chief Executive Officer ("CEO") may grant awards of phantom units without distribution equivalent rights to employees of the General Partner and the Partnership's subsidiaries, other than named executive officers. The CEO Authorized LTIP program was approved for three consecutive calendar years commencing January 1, 2014, subject to modification or earlier termination by the Committee. During each calendar year of the program, the CEO is authorized to grant awards of up to an aggregate amount of $2.0 million of phantom units payable in common units upon vesting, and no individual grant may be made for an award valued at the time of grant of more than $550,000, unless otherwise previously approved by the Committee. Awards granted pursuant to the CEO Authorized LTIP would be for a term of six years and vest in equal tranches at the end of each of the fourth, fifth and sixth anniversary dates of the particular award.

Phantom Unit Awards

In 2013, the Committee granted a total of 498,112 phantom units under the LTIP to certain employees and non-employee directors of the General Partner. In connection with the awards, grantees who are employees entered into various forms of a Confidentiality, Non Solicitation, and Non-Competition Agreement with the General Partner. On December 31, 2014, a total of 10,266 of the awards granted to one employee and the non-employee directors vested and in January 2015, these phantom unit grants were settled.

In 2014, a total of 44,902 phantom units were granted to certain employees, and during the six months ended June 30, 2015, a total of 49,847 phantom units were granted to certain employees and the non-employee directors.

The phantom units for these awards vest pursuant to the terms of the grant agreements. The Partnership currently intends and reasonably expects to issue and deliver the common units upon vesting.

The Partnership recorded total compensation expense related to these awards of $1.1 million and $0.9 million for the three months ended June 30, 2015 and 2014, respectively, and $2.1 million and $1.7 million for the six months ended June 30, 2015 and 2014, respectively, which is included in selling, general and administrative expenses in the accompanying consolidated statement of operations. The total compensation cost related to the non-vested awards not yet recognized at June 30, 2015 was approximately $14.8 million and is expected to be recognized ratably over the remaining requisite service period.

The following table presents a summary of the status of the non-vested phantom units:

	Number of Non-vested Units	Weighted Average Grant Date Fair Value
Outstanding non vested units at December 31, 2014	532,748	$ 39.29
Granted	49,847	38.13
Vested	(2,708)	37.18
Forfeited	—	—
Outstanding non vested units at June 30, 2015	579,887	$ 39.20

Repurchase Program

In May 2009, the board of directors of the General Partner authorized the repurchase of the Partnership's common units (the "Repurchase Program") for the purpose of meeting the General Partner's anticipated obligations to deliver common units under the LTIP and meeting the General Partner's obligations under existing employment agreements and

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other employment related obligations of the General Partner (collectively, the “General Partner’s Obligations”). The General Partner is currently authorized to acquire up to 1,242,427 of its common units in the aggregate over an extended period of time, consistent with the General Partner’s Obligations. Common units may be repurchased from time to time in open market transactions, including block purchases, or in privately negotiated transactions. Such authorized unit repurchases may be modified, suspended or terminated at any time and are subject to price and economic and market conditions, applicable legal requirements and available liquidity. Since the Repurchase Program was implemented, the General Partner has repurchased 791,792 common units pursuant to the Repurchase Program for approximately $23.3 million, of which approximately $2.4 million was purchased during the first quarter ended March 31, 2015.

Common units outstanding as reported in the accompanying consolidated financial statements at June 30, 2015 and December 31, 2014 excluded 453,219 and 390,602 common units, respectively, held on behalf of the Partnership pursuant to its Repurchase Program and for future satisfaction of the General Partner’s Obligations.

Note 14.Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Partnership utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. The Partnership primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Partnership utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Partnership is able to classify fair value balances based on the observability of those inputs. The fair value hierarchy that prioritizes the inputs used to measure fair value, giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). At each balance sheet reporting date, the Partnership categorizes its financial assets and liabilities using the three levels of the fair value hierarchy defined as follows:

Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as the Partnership’s exchange-traded derivative instruments and pension plan assets.

Level 2—Quoted prices in active markets are not available; however, pricing inputs are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Level 2 primarily consists of non-exchange-traded derivatives such as OTC forwards, swaps and options.

Level 3—Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 includes certain OTC forward derivative instruments related to crude oil.

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Recurring Fair Value Measures

Assets and liabilities are classified in the entirety based on the lowest level of input that is significant to the fair value measurement. The Partnership's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables present, by level within the fair value hierarchy, the Partnership's financial assets and liabilities that were measured at fair value on a recurring basis as of June 30, 2015 and December 31, 2014 (in thousands):

	Fair Value at June 30, 2015				
	Level 1	Level 2	Level 3	Cash Collateral Netting	Total
Assets:					
Forward derivative contracts (1)	$ —	$ 38,394	$ 8,759	$ —	$ 47,153
Foreign currency derivatives	—	22	—	—	22
Interest rate cap	—	12	—	—	12
Exchange-traded/cleared derivative instruments (2)	34,549	—	—	(15,559)	18,990
Pension plan	17,352	—	—	—	17,352
Total assets	$ 51,901	$ 38,428	$ 8,759	$ (15,559)	$ 83,529
Liabilities:					
Forward derivative contracts (1)	$ —	$ (29,531)	$ (16,511)	$ —	$ (46,042)
Swap agreements and options	—	(24)	—	—	(24)
Interest rate swaps	—	(5,516)	—	—	(5,516)
Total liabilities	$ —	$ (35,071)	$ (16,511)	$ —	$ (51,582)

Fair Value at December 31, 2014

Cash Collateral

	Level 1	Level 2	Level 3	Netting	Total
Assets:					
Forward derivative contracts (1)	$ —	$ 81,421	$ 2,405	$ —	$ 83,826
Foreign currency derivatives	—	9	—	—	9
Interest rate cap	—	17	—	—	17
Exchange-traded/cleared derivative instruments (2)	121,490	—	—	(104,292)	17,198
Pension plan	18,023	—	—	—	18,023
Total assets	$ 139,513	$ 81,447	$ 2,405	$ (104,292)	$ 119,073
Liabilities:					
Forward derivative contracts (1)	$ —	$ (28,500)	$ (27,928)	$ —	$ (56,428)
Swap agreements and options	—	(2,079)	—	—	(2,079)
Interest rate swaps	—	(6,696)	—	—	(6,696)
Total liabilities	$ —	$ (37,275)	$ (27,928)	$ —	$ (65,203)

(1) Forward derivative contracts include the Partnership’s petroleum and ethanol physical and financial forwards and OTC swaps.
(2) Amount includes the effect of cash balances on deposit with clearing brokers.

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This table excludes cash on hand and assets and liabilities that are measured at historical cost or any basis other than fair value. The carrying amounts of certain of the Partnership's financial instruments, including cash equivalents, accounts receivable, accounts payable and other accrued liabilities approximate fair value due to their short maturities. The carrying value of the Partnership's credit facility approximates fair value due to the variable rate nature of these financial instruments.

The carrying values and fair values of the Partnership's 6.25% Notes and 7.00% Notes, estimated by observing market trading prices of the 6.25% Notes and 7.00% Notes, respectively, were as follows (in thousands):

	June 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
6.25% Notes	$ 375,000	$ 361,875	$ 375,000	$ 358,594
7.00% Notes	300,000	293,250	—	—

The carrying value of the Partnership's inventory qualifying for fair value hedge accounting approximates fair value due to adjustments for changes in fair value of the hedged item. The fair values of the derivatives used by the Partnership are disclosed in Note 5.

The determination of the fair values above incorporates factors including not only the credit standing of the counterparties involved, but also the impact of the Partnership's nonperformance risks on its liabilities.

The values of the Partnership's Level 1 exchange-traded/cleared derivative instruments and pension plan assets were determined using quoted prices in active markets for identical assets. Specifically, the fair values of the Partnership's Level 1 exchange-traded/cleared derivative instruments were based on quoted process obtained from the NYMEX and CME. The fair values of the Partnership's Level 1 pension plan assets were based on quoted prices for identical assets which primarily consisted of fixed income securities, equity securities and cash and cash equivalents.

The values of the Partnership's Level 2 derivative contracts were calculated using expected cash flow models and market approaches based on observable market inputs, including published and quoted commodity pricing data, which is verified against other available market data. Specifically, the fair values of the Partnership's Level 2 derivative commodity contracts were derived from published and quoted NYMEX, CME, New York Harbor and third-party pricing information for the underlying instruments using market approaches. The fair value of the Partnership's Level 2 interest rate instruments were derived from the implied forward LIBOR yield curve for the sale period as the future interest rate swap and interest rate cap settlements using expected cash flow models. The fair value of the Partnership's Level 2 foreign currency derivatives were derived from the implied forward currency curve for the Canadian and U.S. Dollar. The Partnership has not changed its valuation techniques or Level 2 inputs during the six months ended June 30, 2015.

Level 3 Information

The values of the Partnership's Level 3 derivative contracts were calculated using market approaches based on a combination of observable and unobservable market inputs, including published and quoted NYMEX, CME, New York Harbor and third-party pricing information for a component of the underlying instruments as well as internally developed assumptions where there is little, if any, published or quoted prices or market activity. The unobservable inputs used in the measurement of the Partnership's Level 3 derivative contracts include estimates for location basis, transportation and throughput costs net of an estimated margin for current market participants. The estimates for these inputs were \$7.25 to \$10.75 per barrel for the six months ended June 30, 2015 and \$10.00 to \$12.00 per barrel for the six months ended June 30, 2014. Gains and losses recognized in earnings (or changes in net assets) are disclosed in Note 5.

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Sensitivity of the fair value measurement to changes in the significant unobservable inputs is as follows:

Significant Unobservable Input	Position	Change to Input	Impact on Fair Value Measurement
Location basis	Long	Increase (decrease)	Gain (loss)
Location basis	Short	Increase (decrease)	Loss (gain)
Transportation	Long	Increase (decrease)	Gain (loss)
Transportation	Short	Increase (decrease)	Loss (gain)
Throughput costs	Long	Increase (decrease)	Gain (loss)
Throughput costs	Short	Increase (decrease)	Loss (gain)

The following table presents a reconciliation of changes in fair value of the Partnership’s derivative contracts classified as Level 3 in the fair value hierarchy at June 30, 2015 (in thousands):

Fair value at December 31, 2014	$ (25,523)
Reclass of Level 2 inputs	—
Realized and unrealized gains (losses) recorded in cost of sales	17,771
Fair value at June 30, 2015	$ (7,752)

Non-Recurring Fair Value Measures

Certain nonfinancial assets and liabilities are measured at fair value on a non-recurring basis and are subject to fair value adjustments in certain circumstances, such as acquired assets and liabilities or losses related to firm non-cancellable purchase commitments. For assets and liabilities measured on a non-recurring basis during the period, accounting guidance requires quantitative disclosures about the fair value measurements separately for each major category. See Note 2 for acquired assets and liabilities measured on a non-recurring basis during the six months ended June 30, 2015.

Note 15. Income Taxes

Section 7704 of the Internal Revenue Code provides that publicly-traded partnerships are, as a general rule, taxed as corporations. However, an exception, referred to as the "Qualifying Income Exception," exists under Section 7704(c) with respect to publicly-traded partnerships of which 90% or more of the gross income for every taxable year consists of "qualifying income." Qualifying income includes income and gains derived from the transportation, storage and marketing of refined petroleum products and crude oil and ethanol to resellers and refiners. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income.

Substantially all of the Partnership's income is "qualifying income" for federal income tax purposes and, therefore, is not subject to federal income taxes at the partnership level. Accordingly, no provision has been made for income taxes on the qualifying income in the Partnership's financial statements. Net income for financial statement purposes may differ significantly from taxable income reportable to unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the Partnership's agreement of limited partnership. Individual unitholders have different investment basis depending upon the timing and price at which they acquired their common units. Further, each unitholder's tax accounting, which is partially dependent upon the unitholder's tax position, differs from the accounting followed in the Partnership's consolidated financial statements. Accordingly, the aggregate difference in the basis of the Partnership's net assets for

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financial and tax reporting purposes cannot be readily determined because information regarding each unitholder's tax attributes in the Partnership is not available to the Partnership.

One of the Partnership's wholly owned subsidiaries, GMG, is a taxable entity for federal and state income tax purposes. Current and deferred income taxes are recognized on the separate earnings of GMG. The after-tax earnings of GMG are included in the earnings of the Partnership. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes for GMG. Deferred tax assets and liabilities are recognized for the 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 expected to apply to taxable income in the years 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 rates is recognized in income in the period that includes the enactment date. The Partnership calculates its current and deferred tax provision based on estimates and assumptions that could differ from actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed returns are recorded when identified.

The Partnership recognizes deferred tax assets to the extent that the recoverability of these assets satisfies the "more likely than not" recognition criteria in accordance with the accounting guidance regarding income taxes. Based upon projections of future taxable income, the Partnership believes that the recorded deferred tax assets will be realized.

Note 16. Legal Proceedings

General

Although the Partnership may, from time to time, be involved in litigation and claims arising out of its operations in the normal course of business, the Partnership does not believe that it is a party to any litigation that will have a material adverse impact on its financial condition or results of operations. Except as described below and in Note 12 included herein, the Partnership is not aware of any significant legal or governmental proceedings against it, or contemplated to be brought against it. The Partnership maintains insurance policies with insurers in amounts and with coverage and deductibles as its general partner believes are reasonable and prudent. However, the Partnership can provide no assurance that this insurance will be adequate to protect it from all material expenses related to potential future claims or that these levels of insurance will be available in the future at economically acceptable prices.

Other

On May 29, 2015 and in connection with a commercial dispute with Tethys Trading Company LLC ("Tethys"), the Partnership received a notice from Tethys alleging a default under, and purporting to terminate, the Partnership's contract with Tethys for crude oil services at the Partnership's Oregon facility. However, the Partnership does not believe Tethys had the right to terminate the contract, and the Partnership will take appropriate action to enforce its rights under the agreement. The Partnership had expected to receive fees from this contract of approximately $13.2 million for the period July 1, 2015 through December 31, 2015 and approximately $105.2 million in the aggregate for the remaining four years of the contract.

On March 26, 2015, the Partnership received a Notice of Non-Compliance ("NON") from the Massachusetts Department of Environmental Protection ("DEP") with respect to its terminal located at 101 and 186 Lee Burbank Highway, Revere, Massachusetts (the "Terminal"), alleging certain violations of the National Pollutant Discharge Elimination System Permit ("NPDES Permit") related to storm water discharges. The NON requires the Partnership to submit a plan to remedy the reported violations of the NPDES Permit. The Partnership has responded to the NON with a plan and is implementing modifications to the storm water management system at the Terminal. The Partnership has determined that compliance with the NON and implementation of the plan will have no material impact on its operations.

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(Unaudited)

The Partnership has a dispute with Lansing Ethanol Services, LLC ("Lansing") for damages in excess of $12.0 million. The dispute involves Lansing's failure to transfer Renewable Fuel Identification Numbers to the Partnership in connection with certain agreements for the purchase and sale of ethanol. The parties have agreed to arbitrate under the rules of the American Arbitration Association. The Partnership filed for arbitration on March 24, 2015 and anticipates arbitration to commence during the first quarter ending March 31, 2016. The Partnership believes it has meritorious positions and intends to vigorously pursue a favorable result in connection with this dispute.

On July 2, 2014, a lawsuit was filed by the Northwest Environmental Defense Center and other environmental non-government organizations (the "Plaintiffs") against the Partnership and Cascade Kelly alleging violations of the Clean Air Act. The suit, filed in the United States District Court for the district of Oregon, alleges that Cascade Kelly is operating without the proper permit under the applicable rules. The lawsuit seeks penalties, injunctive relief and reimbursement of attorneys' fees. Trial has been scheduled for the fourth quarter of 2015. The Partnership has meritorious defenses to the lawsuit and is vigorously contesting the actions taken by the Plaintiffs.

On May 16, 2014, the Partnership received a subpoena from the Securities and Exchange Commission requesting information for relevant time periods primarily relating to the Partnership's accounting for Renewable Identification Numbers and the restatements of its consolidated financial statements as of and for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013. The Partnership intends to continue to cooperate fully with, and has produced responsive materials to, the SEC.

The Partnership received from the EPA, by letters dated November 2, 2011 and March 29, 2012, containing requirements and testing orders (collectively, the "Requests for Information") for information under the Clean Air Act. The Requests for Information were part of an EPA investigation to determine whether the Partnership has violated sections of the Clean Air Act at certain of its terminal locations in New England with respect to residual oil and asphalt. On June 6, 2014, a Notice of Violation ("NOV") was received from the EPA, alleging certain violations of its Air Emissions License issued by the Maine Department of Environmental Protection, based upon the test results at the South Portland, Maine terminal. The Partnership met with and provided additional information to the EPA with respect to the alleged violations. On April 7, 2015, the EPA issued a Supplemental Notice of Violation (the "Supplemental NOV") modifying the allegations of violations of the terminal's Air Emissions License. The Partnership has responded to the Supplemental NOV and is engaged in further negotiations with the EPA. While the Partnership does not believe that a material violation has occurred, and it contests the allegations presented in the NOV and Supplemental NOV, the Partnership does not believe any adverse determination in connection with the NOV would have a material impact on its operations.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 17. Changes in Accumulated Other Comprehensive Loss

The following table presents the changes in accumulated other comprehensive loss by component for the three and six months ended June 30, 2015 (in thousands):

Three Months Ended June 30, 2015	Pension Plan	Derivatives	Total
Balance at March 31, 2015	$ (5,456)	$ (7,522)	$ (12,978)
Other comprehensive income before reclassifications of gain (loss)	(251)	1,295	1,044
Amount of gain (loss) reclassified from accumulated other comprehensive income	(18)	—	(18)
Total comprehensive income	(269)	1,295	1,026
Balance at June 30, 2015	$ (5,725)	$ (6,227)	$ (11,952)

Six Months Ended June 30, 2015	Pension Plan	Derivatives	Total
Balance at December 31, 2014	$ (5,547)	$ (7,705)	$ (13,252)
Other comprehensive income before reclassifications of gain (loss)	(142)	1,478	1,336
Amount of gain (loss) reclassified from accumulated other comprehensive income	(36)	—	(36)
Total comprehensive income	(178)	1,478	1,300
Balance at June 30, 2015	$ (5,725)	$ (6,227)	$ (11,952)

Amounts are presented prior to the income tax effect on other comprehensive income. Given the Partnership's master limited partnership status, the effective tax rate is immaterial.

Note 18. New Accounting Standards

Accounting Standards or Updates Recently Adopted

In April 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," which includes amendments that change the requirements for reporting discontinued operations and require additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations that has a major effect on the entity's operations and financial results should be presented as discontinued operations. Additionally, this standard requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income and expenses of discontinued operations. This standard is effective prospectively for fiscal years beginning after December 15, 2014, with early adoption permitted. The Partnership adopted this standard which did not have a material impact on its consolidated financial statements.

Accounting Standards or Updates Not Yet Effective

In April 2015, the FASB issued ASU No. 2015-03, " Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs." This standard requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying value of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by this standard. The amendments in this standard are effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted. The Partnership does not expect the impact of adopting this standard to be material to the Partnership's consolidated financial statements.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," that introduces a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also requires disclosures sufficient to enable users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. In July 2015, the FASB approved a one-year deferral of the effective date of the standard to fiscal periods beginning after December 15, 2017. The Partnership is currently evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

The Partnership has evaluated the accounting guidance recently issued and has determined that there are no other standards or updates will not have a material impact on its financial position, results of operations or cash flows.

Note 19. Subsequent Event

On July 22, 2015, the board of directors of the General Partner declared a quarterly cash distribution of $0.6925 per unit ($2.77 per unit on an annualized basis) for the period from April 1, 2015 through June 30, 2015. On August 14, 2015, the Partnership will pay this cash distribution to its unitholders of record as of the close of business on August 5, 2015.

Note 20. Supplemental Guarantor Condensed Consolidating Financial Statements

The Partnership's wholly owned subsidiaries other than GLP Finance Corp. are guarantors of senior notes issued by the Partnership and GLP Finance Corp. As such, the Partnership is subject to the requirements of Rule 3-10 of Regulation S-X of the Securities and Exchange Commission regarding financial statements of guarantors and issuers of registered guaranteed securities. The Partnership presents condensed consolidating financial information for its subsidiaries within the notes to consolidated financial statements in accordance with the criteria established for parent companies in the SEC's Regulation S-X, Rule 3-10(d).

The following condensed consolidating financial information presents the Condensed Consolidating Balance Sheets as of June 30, 2015 and December 31, 2014, the Condensed Consolidating Statements of Operations for the three and six months ended June 30, 2015 and 2014 and the Condensed Consolidating Statements of Cash Flows for the six months ended June 30, 2015 and 2014 of the Partnership’s 100% owned guarantor subsidiaries, the non-guarantor subsidiary and the eliminations necessary to arrive at the information for the Partnership on a consolidated basis. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Condensed Consolidating Balance Sheet

June 30, 2015

(In thousands)

	Issuer Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	$ 7,841	$ 3,346	$ —	$ 11,187
Accounts receivable, net	375,095	478	—	375,573
Accounts receivable - affiliates	5,511	756	(992)	5,275
Inventories	429,039	—	—	429,039
Brokerage margin deposits	18,990	—	—	18,990
Derivative assets	47,153	—	—	47,153
Prepaid expenses and other current assets	80,280	436	—	80,716
Total current assets	963,909	5,016	(992)	967,933
Property and equipment, net	1,195,940	44,599	—	1,240,539
Intangible assets, net	79,883	—	—	79,883
Goodwill	357,351	86,063	—	443,414
Other assets	49,941	—	—	49,941
Total assets	$ 2,647,024	$ 135,678	$ (992)	$ 2,781,710
Liabilities and partners' equity				
Current liabilities:				
Accounts payable	$ 331,920	$ 492	—	332,412
Accounts payable - affiliates	756	236	(992)	—
Working capital revolving credit facility - current portion	118,200	—	—	118,200
Environmental liabilities - current portion	3,067	—	—	3,067
Trustee taxes payable	94,057	—	—	94,057
Accrued expenses and other current liabilities	60,131	578	—	60,709
Derivative liabilities	46,066	—	—	46,066
Total current liabilities	654,197	1,306	(992)	654,511
Working capital revolving credit facility - less current portion	150,000	—	—	150,000

Revolving credit facility	268,000	—	—	268,000
Senior notes	663,673	—	—	663,673
Environmental liabilities - less current portion	71,938	—	—	71,938
Financing obligation	89,613	—	—	89,613
Other long-term liabilities	146,399	—	—	146,399
Total liabilities	2,043,820	1,306	(992)	2,044,134
Partners' equity				
Global Partners LP equity	603,212	86,480	—	689,692
Noncontrolling interest	(8)	47,892	—	47,884
Total partners' equity	603,204	134,372	—	737,576
Total liabilities and partners' equity	$ 2,647,024	$ 135,678	$ (992)	$ 2,781,710

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Condensed Consolidating Balance Sheet

December 31, 2014

(In thousands)

	Issuer Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	$ 2,560	$ 2,678	$ —	$ 5,238
Accounts receivable, net	456,423	1,307	—	457,730
Accounts receivable - affiliates	4,584	820	(1,501)	3,903
Inventories	336,813	—	—	336,813
Brokerage margin deposits	17,198	—	—	17,198
Derivative assets	83,826	—	—	83,826
Prepaid expenses and other current assets	55,881	634	—	56,515
Total current assets	957,285	5,439	(1,501)	961,223
Property and equipment, net	778,385	46,666	—	825,051
Intangible assets, net	45,870	3,032	—	48,902
Goodwill	68,015	86,063	—	154,078
Other assets	50,723	—	—	50,723
Total assets	$ 1,900,278	$ 141,200	$ (1,501)	$ 2,039,977
Liabilities and partners' equity				
Current liabilities:				
Accounts payable	$ 455,629	$ 990	—	456,619
Accounts payable - affiliates	820	681	(1,501)	—
Line of credit	—	700	—	700
Environmental liabilities - current portion	3,101	—	—	3,101
Trustee taxes payable	105,744	—	—	105,744
Accrued expenses and other current liabilities	81,686	1,134	—	82,820
Derivative liabilities	58,507	—	—	58,507
Total current liabilities	705,487	3,505	(1,501)	707,491
	100,000	—	—	100,000

Working capital revolving credit facility - less current portion				
Revolving credit facility	133,800	—	—	133,800
Senior notes	368,136	—	—	368,136
Environmental liabilities - less current portion	34,462	—	—	34,462
Other long-term liabilities	59,932	—	—	59,932
Total liabilities	1,401,817	3,505	(1,501)	1,403,821
Partners' equity				
Global Partners LP equity	498,461	88,481	—	586,942
Noncontrolling interest	—	49,214	—	49,214
Total partners' equity	498,461	137,695	—	636,156
Total liabilities and partners' equity	$ 1,900,278	$ 141,200	$ (1,501)	$ 2,039,977

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Condensed Consolidating Statement of Operations

Three Months Ended June 30, 2015

(In thousands)

	(Issuer) Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Consolidated
Sales	$ 2,677,213	$ 6,730	$ (3,855)	$ 2,680,088
Cost of sales	2,537,435	2,320	(3,855)	2,535,900
Gross profit	139,778	4,410	—	144,188
Costs and operating expenses:				
Selling, general and administrative expenses	44,760	631	—	45,391
Operating expenses	69,655	2,513	—	72,168
Amortization expense	2,793	277	—	3,070
Loss on asset sales	213	—	—	213
Total costs and operating expenses	117,421	3,421	—	120,842
Operating income	22,357	989	—	23,346
Interest expense	(16,451)	—	—	(16,451)
Income before income tax expense	5,906	989	—	6,895
Income tax benefit	719	—	—	719
Net income	6,625	989	—	7,614
Net income attributable to noncontrolling interest	—	(396)	—	(396)
Net income attributable to Global Partners LP	6,625	593	—	7,218

Less: General partner's interest in net income, including incentive distribution rights	2,671	—	—	2,671
Limited partners' interest in net income	$ 3,954	$ 593	$ —	$ 4,547

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Condensed Consolidating Statement of Operations

Three Months Ended June 30, 2014

(In thousands)

	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Consolidated
Sales	$ 4,566,031	$ 9,890	$ (6,301)	$ 4,569,620
Cost of sales	4,485,984	2,252	(6,301)	4,481,935
Gross profit	80,047	7,638	—	87,685
Costs and operating expenses:				
Selling, general and administrative expenses	30,776	897	—	31,673
Operating expenses	48,183	2,846	—	51,029
Amortization expense	1,769	2,755	—	4,524
Loss on asset sales	397	—	—	397
Total costs and operating expenses	81,125	6,498	—	87,623
Operating income	(1,078)	1,140	—	62
Interest expense	(12,208)	(38)	—	(12,246)
Income before income tax expense	(13,286)	1,102	—	(12,184)
Income tax expense	(94)	—	—	(94)
Net income	(13,380)	1,102	—	(12,278)
Net income attributable to noncontrolling interest	—	(441)	—	(441)
Net income attributable to Global Partners LP	(13,380)	661	—	(12,719)
Less: General partner's interest in net income, including incentive distribution rights	1,033	—	—	1,033

Limited partners' interest in net income	$ (14,413)	$ 661	$ —	$ (13,752)

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Condensed Consolidating Statement of Operations

Six Months Ended June 30, 2015

(In thousands)

	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Consolidated
Sales	$ 5,652,398	$ 14,780	$ (7,974)	$ 5,659,204
Cost of sales	5,349,908	4,524	(7,974)	5,346,458
Gross profit	302,490	10,256	—	312,746
Costs and operating expenses:				
Selling, general and administrative expenses	92,787	1,390	—	94,177
Operating expenses	135,971	4,853	—	140,824
Amortization expense	5,379	3,032	—	8,411
Loss on asset sales	650	—	—	650
Total costs and operating expenses	234,787	9,275	—	244,062
Operating income	67,703	981	—	68,684
Interest expense	(30,409)	(5)	—	(30,414)
Income before income tax expense	37,294	976	—	38,270
Income tax expense	(247)	—	—	(247)
Net income	37,047	976	—	38,023
Net income attributable to noncontrolling interest	—	(390)	—	(390)
Net income attributable to Global Partners LP	37,047	586	—	37,633
Less: General partner's interest in net income, including incentive distribution rights	4,850	—	—	4,850

Limited partners' interest in net income	$ 32,197	$ 586	$ —	$ 32,783

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Condensed Consolidating Statement of Operations

Six Months Ended June 30, 2014

(In thousands)

	Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Consolidated
Sales	$ 9,680,905	$ 18,034	$ (12,391)	$ 9,686,548
Cost of sales	9,448,518	3,712	(12,391)	9,439,839
Gross profit	232,387	14,322	—	246,709
Costs and operating expenses:				
Selling, general and administrative expenses	67,320	1,651	—	68,971
Operating expenses	93,363	5,618	—	98,981
Amortization expense	3,542	5,510	—	9,052
Loss on asset sales	1,060	—	—	1,060
Total costs and operating expenses	165,285	12,779	—	178,064
Operating income	67,102	1,543	—	68,645
Interest expense	(23,274)	(79)	—	(23,353)
Income before income tax expense	43,828	1,464	—	45,292
Income tax expense	(416)	—	—	(416)
Net income	43,412	1,464	—	44,876
Net income attributable to noncontrolling interest	—	(585)	—	(585)

Net income attributable to Global Partners LP	43,412	879	—	44,291
Less: General partner's interest in net income, including incentive distribution rights	2,541	—	—	2,541
Limited partners' interest in net income	$ 40,871	$ 879	$ —	$ 41,750

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Condensed Consolidating Statement Cash Flows

Six Months Ended June 30, 2015

(In thousands)

	(Issuer) Guarantor Subsidiaries	Non-Guarantor Subsidiary	Consolidated
Cash flows from operating activities			
Net cash (used in) provided by operating activities	$ (65,254)	$ 8,022	$ (57,232)
Cash flows from investing activities			
Acquisitions	(561,757)	—	(561,757)
Capital expenditures	(30,809)	(2,354)	(33,163)
Proceeds from sale of property and equipment	1,251	—	1,251
Net cash used in investing activities	(591,315)	(2,354)	(593,669)
Cash flows from financing activities			
Proceeds from issuance of common units, net	109,305	—	109,305
Borrowings from working capital revolving credit facility	168,200	—	168,200
Borrowings from revolving credit facility	134,200	—	134,200
Proceeds from senior notes, net of discount	295,125	—	295,125
Payments on line of credit	—	(700)	(700)
Repurchase of common units	(2,442)	—	(2,442)
Noncontrolling interest capital contribution	1,880	—	1,880
Distribution to noncontrolling interest	700	(4,300)	(3,600)
Distributions to partners	(45,118)	—	(45,118)
Net cash provided by (used in) financing activities	661,850	(5,000)	656,850
Cash and cash equivalents			
Increase in cash and cash equivalents	5,281	668	5,949
Cash and cash equivalents at beginning of period	2,560	2,678	5,238
Cash and cash equivalents at end of period	$ 7,841	$ 3,346	$ 11,187

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GLOBAL PARTNERS LP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Condensed Consolidating Statement Cash Flows

Six Months Ended June 30, 2014

(In thousands)

	(Issuer) Guarantor Subsidiaries	Non-Guarantor Subsidiary	Consolidated
Cash flows from operating activities			
Net cash provided by operating activities	$ 40,721	$ 8,913	$ 49,634
Cash flows from investing activities			
Capital expenditures	(38,482)	(5,778)	(44,260)
Proceeds from sale of property and equipment	3,405	—	3,405
Net cash used in investing activities	(35,077)	(5,778)	(40,855)
Cash flows from financing activities			
Payments on working capital revolving credit facility	(20,000)	—	(20,000)
Payments on revolving credit facility	(162,100)	—	(162,100)
Proceeds from senior notes, net of discount	258,903	—	258,903
Repayment of senior notes	(40,244)	—	(40,244)
Repurchase of common units	(1,824)	—	(1,824)
Noncontrolling interest capital contribution	4,200	—	4,200
Distribution to noncontrolling interest	(4,200)	—	(4,200)
Distributions to partners	(35,987)	—	(35,987)
Net cash used in financing activities	(1,252)	—	(1,252)
Cash and cash equivalents			
Increase in cash and cash equivalents	4,392	3,135	7,527
Cash and cash equivalents at beginning of period	8,371	846	9,217
Cash and cash equivalents at end of period	$ 12,763	$ 3,981	$ 16,744

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Item 2.Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations of Global Partners LP should be read in conjunction with the historical consolidated financial statements of Global Partners LP and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

Some of the information contained in this Quarterly Report on Form 10-Q may contain forward-looking statements. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain the words “may,” “believe,” “should,” “could,” “expect,” “anticipate,” “plan,” “intend,” “estimate,” “continue,” “will likely result,” or other similar expressions. In addition, any statem made by our management concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions by us are also forward-looking statements. Forward-looking statements are not guarantees of performance. Although we believe these forward-looking statements are based on reasonable assumptions, statements made regarding future results are subject to a number of assumptions, uncertainties and risks, many of which are beyond our control, which may cause future results to be materially different from the results stated or implied in this document. These risks and uncertainties include, among other things:

· We may not have sufficient cash from operations to enable us to maintain distributions at current levels following establishment of cash reserves and payment of fees and expenses, including payments to our general partner.

· A significant decrease in demand for the products we sell could reduce our ability to make distributions to our unitholders.

· Our sales of home heating oil and residual oil could be significantly reduced by conversions to natural gas.

· We may not be able to fully implement or capitalize upon planned growth projects. Even if we consummate acquisitions that we believe will be accretive, they may in fact result in no increase or even a decrease in cash available for distribution to our unitholders.

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Erosion of the value of the Mobil brand and other gasoline brands could adversely affect our gasoline sales and customer traffic.

- Our gasoline sales could be significantly reduced by a reduction in demand due to higher prices and to new technologies and alternative fuel sources, such as electric, hybrid or battery powered motor vehicles.

- Our crude oil sales could be adversely affected by, among other things, unanticipated changes in the crude oil market structure, grade differentials and volatility (or lack thereof), implementation of regulations that adversely impact the market for transporting crude oil or other products by rail, changes in refiner demand, severe weather conditions, significant changes in prices and interruptions in rail transportation services and other necessary services and equipment, such as railcars, trucks, loading equipment and qualified drivers.

- We depend upon marine, pipeline, rail and truck transportation services for a substantial portion of our logistics business in transporting the products we sell. A disruption in these transportation services could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

- Changes in government usage mandates and tax credits could adversely affect the availability and pricing of ethanol, which could negatively impact our sales.

- Warmer weather conditions could adversely affect our home heating oil and residual oil sales.

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- Our risk management policies cannot eliminate all commodity risk or basis risk or the impact of unfavorable market conditions which can adversely affect our financial condition, results of operations and cash available for distribution to our unitholders. In addition, noncompliance with our risk management policies could result in significant financial losses.

- Our results of operations are affected by the overall forward market for the products we sell.

- Our business could be affected by a range of issues, such as changes in commodity prices, energy conservation, competition, the global economic climate, movement of products between foreign locales and within the United States, changes in refiner demand, weekly and monthly refinery output levels, changes in local, domestic and worldwide inventory levels, changes in safety regulations, seasonality and supply, weather and logistics disruptions.

- Increases and/or decreases in the prices of the products we sell could adversely impact the amount of borrowing available for working capital under our credit agreement, which credit agreement has borrowing base limitations and advance rates.

- We are exposed to trade credit risk and risk associated with our trade credit support in the ordinary course of our business.

- The condition of credit markets may adversely affect us.

- Our credit agreement and the indentures governing our senior notes contain operating and financial covenants, and our credit agreement contains borrowing base requirements. A failure to comply with the operating and financial covenants in our credit agreement, the indentures and any future financing agreements could impact our access to bank loans and other sources of financing or pursue our business activities.

- A significant increase in interest rates could adversely affect our ability to service our indebtedness.

- Our gasoline station and convenience store business could expose us to an increase in consumer litigation and result in an unfavorable outcome or settlement of one or more lawsuits where insurance proceeds are insufficient or otherwise unavailable.

- Adverse developments in the areas where we conduct our business could have a material adverse effect on such businesses and can reduce our ability to make distributions to our unitholders.

- A serious disruption to our information technology systems could significantly limit our ability to manage and operate our business efficiently.

· We are exposed to performance risk in our supply chain.

· Our businesses are subject to both federal and state environmental and non-environmental regulations which could have a material adverse effect on such businesses.

· Our general partner and its affiliates have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests to the detriment of our unitholders.

· Unitholders have limited voting rights and are not entitled to elect our general partner or its directors or to remove our general partner without the consent of the holders of at least 66 2/3% of the outstanding units (including units held by our general partner and its affiliates), which could lower the trading price of our common units.

· Our tax treatment depends on our status as a partnership for federal income tax purposes.

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- Unitholders may be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

Additional information about risks and uncertainties that could cause actual results to differ materially from forward-looking statements is contained in Part I, Item 1A, “Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2014 and Part II, Item 1A, “Risk Factors,” in this Quarterly Report on Form 10-Q.

We expressly disclaim any obligation or undertaking to update these statements to reflect any change in our expectations or beliefs or any change in events, conditions or circumstances on which any forward-looking statement is based, other than as required by federal and state securities laws. All forward-looking statements included in this Quarterly Report on Form 10-Q and all subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

Overview

General

We are a midstream logistics and marketing company engaged in the purchasing, selling and logistics of transporting petroleum and related products, including domestic and Canadian crude oil, gasoline and gasoline blendstocks (such as ethanol and naphtha), distillates (such as home heating oil, diesel and kerosene), residual oil, renewable fuels, natural gas and propane. We also receive revenue from convenience store sales and gasoline station rental income. We own, control or have access to one of the largest terminal networks of refined petroleum products and renewable fuels in Massachusetts, Maine, Connecticut, Vermont, New Hampshire, Rhode Island, New York, New Jersey and Pennsylvania (collectively, the “Northeast”). We own transload and storage terminals in North Dakota and Oregon that extend our origin-to-destination capabilities from the mid-continent region of the United States and Canada to the East and West Coasts. We are one of the largest distributors of gasoline, distillates, residual oil and renewable fuels to wholesalers, retailers and commercial customers in the New England states and New York. As of June 30, 2015, we had a portfolio of 1,537 owned, leased and/or supplied gasoline stations, including 286 convenience stores, in the Northeast, Maryland and Virginia.

On January 7, 2015, we acquired, through one of our wholly owned subsidiaries, Global Montello Group Corp. (“GMG”), 100% of the equity interests in Warren Equities, Inc. (“Warren”) from The Warren Alpert Foundation. On January 14, 2015, through our wholly owned subsidiary, Global Companies LLC, we acquired the Revere terminal (the “Revere Terminal”) located in Boston Harbor in Revere, Massachusetts from Global Petroleum Corp. (“GPC”) and related entities. On June 1, 2015, we acquired retail gasoline stations and dealer supply contracts from Capitol Petroleum Group (“Capitol”). See Note 2 of Notes to Consolidated Financial Statements for additional information.

Collectively, we sold approximately $2.6 billion and $5.5 billion of refined petroleum products, renewable fuels, crude oil, natural gas and propane for the three and six months ended June 30, 2015, respectively. In addition, we had other revenues of approximately $98.4 million and $181.5 million for the three and six months ended June 30, 2015, respectively, primarily from convenience store sales at our directly operated stores and rental income from dealer leased or commission agent leased gasoline stations.

We base our pricing on spot prices, fixed prices or indexed prices and routinely use the New York Mercantile Exchange (“NYMEX”) and Chicago Mercantile Exchange (“CME”), IntercontinentalExchange (“ICE”) or other counterparties to hedge the risk inherent in buying and selling commodities. Through the use of regulated exchanges or derivatives, we seek to maintain a position that is substantially balanced between purchased volumes and sales volumes or future delivery obligations.

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Operating Segments

We purchase refined petroleum products, renewable fuels, crude oil, natural gas and propane primarily from domestic and foreign refiners and ethanol producers, crude oil producers, major and independent oil companies and trading companies. We operate our business under three segments: (i) Wholesale, (ii) Gasoline Distribution and Station Operations ("GDSO") and (iii) Commercial.

Wholesale

In our Wholesale segment, we engage in the logistics of selling, gathering, storage and transportation of refined petroleum products, renewable fuels, crude oil and propane. We sell branded and unbranded gasoline and gasoline blendstocks and diesel to branded and unbranded gasoline customers and other resellers of transportation fuels. We aggregate crude oil by truck or pipeline in the mid-continent region of the United States and Canada, transport it by train and ship it by barge to refiners on the East and West Coasts. We sell home heating oil, diesel, kerosene, residual oil and propane to home heating oil and propane retailers and wholesale distributors. Generally, customers use their own vehicles or contract carriers to take delivery of the gasoline and distillate products at bulk terminals and inland storage facilities that we own or control or at which we have throughput or exchange arrangements. Ethanol is shipped primarily by rail and by barge.

In our Wholesale segment, we obtain Renewable Identification Numbers ("RINs") in connection with our purchase of ethanol either to be used for bulk trading purposes or for blending with gasoline through our terminal system. A RIN is a renewable identification number associated with government-mandated renewable fuel standards. To evidence that the required volume of renewable fuel is blended with gasoline, obligated parties must retire sufficient RINs to cover their Renewable Volume Obligation ("RVO"). Our Environmental Protection Agency ("EPA") obligations relative to renewable fuel reporting are largely limited to the foreign gasoline that we may choose to import.

Gasoline Distribution and Station Operations

In our GDSO segment, gasoline distribution includes sales of branded and unbranded gasoline to gasoline station operators and sub-jobbers. Station operations include convenience stores, rental income from gasoline stations leased to dealers or commissioned agents and sundry (car wash sales, lottery and ATM commissions).

As of June 30, 2015, we had a portfolio of owned, leased and/or supplied gasoline stations, primarily in the Northeast, that consisted of the following:

Company Operated	286
Commissioned Agents	282
Lessee Dealers	296
Contract Dealers	673
Total	1,537

Commercial

In our Commercial segment, we include sales and deliveries to end user customers in the public sector and to large commercial and industrial end users of unbranded gasoline, home heating oil, diesel, kerosene, residual oil, bunker fuel and natural gas. In the case of public sector commercial and industrial end user customers, we sell products primarily either through a competitive bidding process or through contracts of various terms. We generally arrange for the delivery of the product to the customer's designated location, and we respond to publicly-issued requests for product proposals and quotes. Our Commercial segment also includes sales of custom blended fuels delivered by barges or from a terminal dock to ships through bunkering activity.

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Seasonality

Due to the nature of our business and our reliance, in part, on consumer travel and spending patterns, we may experience more demand for gasoline and gasoline blendstocks during the late spring and summer months than during the fall and winter. Travel and recreational activities are typically higher in these months in the geographic areas in which we operate, increasing the demand for gasoline and gasoline blendstocks that we distribute. Therefore, our volumes in gasoline and gasoline blendstocks are typically higher in the second and third quarters of the calendar year. As demand for some of our refined petroleum products, specifically home heating oil and residual oil for space heating purposes, is generally greater during the winter months, heating oil and residual oil volumes are generally higher during the first and fourth quarters of the calendar year. These factors may result in fluctuations in our quarterly operating results.

Outlook

This section identifies certain risks and certain economic or industry-wide factors that may affect our financial performance and results of operations in the future, both in the short-term and in the long-term. Our results of operations and financial condition depend, in part, upon the following:

· Our business is influenced by the overall forward market for refined petroleum products, renewable fuels and crude oil, and increases and/or decreases in the prices of these products may adversely impact our financial condition, results of operations and cash available for distribution to our unitholders and the amount of borrowing available for working capital under our credit agreement. Results from our purchasing, storing, terminalling, transporting and selling operations are influenced by prices for refined petroleum products, renewable fuels and crude oil, pricing volatility and the market for such products. Prices in the overall forward market for these products may affect our financial condition, results of operations and cash available for distribution to our unitholders. Our margins can be significantly impacted by the forward product pricing curve, often referred to as the futures market. We typically hedge our exposure to petroleum product and renewable fuel price moves with futures contracts and, to a lesser extent, swaps. In markets where futures prices are higher than current prices, referred to as contango, we may use our storage capacity to improve our margins by storing products we have purchased at lower prices in the current market for delivery to customers at higher prices in the future. In markets where futures prices are lower than current prices, referred to as backwardation, inventories can depreciate in value and hedging costs are more expensive. For this reason, in these backward markets, we attempt to reduce our inventories in order to minimize these effects. When prices for the products we sell rise, some of our customers may have insufficient credit to purchase supply from us at their historical purchase volumes, and their customers, in turn, may adopt conservation measures which reduce consumption, thereby reducing demand for product. Furthermore, when prices increase rapidly and dramatically, we may be unable to promptly pass our additional costs on to our customers, resulting in lower margins which could adversely affect our results of operations. Higher prices for the products we sell may (1) diminish our access to trade credit support and/or cause it to become more expensive and (2) decrease the amount of borrowings available for working capital under our credit agreement as a result of total available commitments, borrowing base limitations and advance rates thereunder. When prices for the products we sell decline, our exposure to risk of loss in the event of nonperformance by our customers of our forward contracts may be increased as they and/or their customers may breach their contracts and purchase the products we sell at the then lower market price from a competitor. A significant decrease in the price for crude oil could adversely affect the economics of the domestic crude oil production for the product which, in turn, could have an adverse effect on our crude oil logistics activities and sales.

- We commit substantial resources to pursuing acquisitions, although there is no certainty that we will successfully complete any acquisitions or receive the economic results we anticipate from completed acquisitions. We are continuously engaged in discussions with potential sellers and lessors of existing (or suitable for development) terminalling, storage, logistics and/or marketing assets, including gasoline stations, and related businesses. Our growth largely depends on our ability to make accretive acquisitions and/or accretive development projects. We may be unable to execute such accretive transactions for a number of reasons, including, but not limited to, the following: (1) we are unable to identify attractive transaction

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candidates or negotiate acceptable terms; (2) we are unable to obtain financing for such transactions on economically acceptable terms; or (3) we are outbid by competitors. In addition, we may consummate transactions that at the time of consummation we believe will be accretive but that ultimately may not be accretive. If any of these events were to occur, our future growth and ability to increase distributions could be limited. We can give no assurance that our transaction efforts will be successful or that any such efforts will be completed on terms that are favorable to us.

· The condition of credit markets may adversely affect our liquidity. In the past, world financial markets experienced a severe reduction in the availability of credit. Possible negative impacts in the future could include a decrease in the availability of borrowings under our credit agreement, increased counterparty credit risk on our derivatives contracts and our contractual counterparties requiring us to provide collateral. In addition, we could experience a tightening of trade credit from our suppliers.

· We depend upon rail and marine transportation services for a substantial portion of our logistics business in transporting the products we sell. A disruption in rail and marine transportation services could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders. Hurricanes, flooding and other severe weather conditions could cause a disruption in the transportation services we depend upon which could affect the flow of service. In addition, accidents, labor disputes between the railroads and their employees and labor renegotiations, including strikes, lockouts or a work stoppage, shortage of railcars, mechanical difficulties or bottlenecks and our disruptions in railroad logistics could also disrupt rail service. These events could result in service disruptions and increased cost which could also adversely affect our financial condition, results of operations and cash available for distribution to our unitholders. Other disruptions, such as those due to an act of terrorism or war, could also adversely affect our business.

· Our gasoline and gasoline blendstocks financial results are seasonal and can be lower in the first and fourth quarters of the calendar year. Due to the nature of our business and our reliance, in part, on consumer travel and spending patterns, we may experience more demand for gasoline and gasoline blendstocks during the late spring and summer months than during the fall and winter. Travel and recreational activities are typically higher in these months in the geographic areas in which we operate, increasing the demand for gasoline and gasoline blendstocks that we distribute. Therefore, our results of operations in gasoline and gasoline blendstocks are can be lower in the first and fourth quarters of the calendar year.

· Our heating oil and residual oil financial results are seasonal and can be lower in the second and third quarters of the calendar year. Demand for some refined petroleum products, specifically home heating oil and residual oil for space heating purposes, is generally higher during November through March than during April through October. We obtain a significant portion of these sales during the winter months. Therefore, our results of operations in heating oil and residual oil for the first and fourth calendar quarters can be better than for the second and third quarters.

· Warmer weather conditions could adversely affect our results of operations and financial condition. Weather conditions generally have an impact on the demand for both home heating oil and residual oil. Because we supply distributors whose customers depend on home heating oil and residual oil for space heating purposes during the winter, warmer-than-normal temperatures during the first and fourth calendar quarters in the Northeast can decrease the total volume we sell and the gross profit realized on those sales.

· Energy efficiency, higher prices, new technology and alternative fuels could reduce demand for our products. Increased conservation and technological advances have adversely affected the demand for home heating oil and residual oil. Consumption of residual oil has steadily declined over the last three decades. We could face additional competition from alternative energy sources as a result of future government-mandated controls or regulation further promoting the use of cleaner fuels. End users who are dual-fuel users have the ability to switch between residual oil and natural gas. Other end users may elect to convert to natural gas. During a period of increasing residual oil prices relative to the prices of natural gas, dual-fuel customers may switch and other end users may convert to natural gas. During periods of increasing home heating oil prices relative to the price of natural gas, residential users of home heating oil may also convert to natural gas. Such switching or

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conversion could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders. In addition, higher prices and new technologies and alternative fuel sources, such as electric, hybrid or battery powered motor vehicles, could reduce the demand for gasoline and adversely impact our gasoline sales. A reduction in gasoline sales could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

· Changes in government usage mandates and tax credits could adversely affect the availability and pricing of ethanol, which could negatively impact our gasoline sales. Future demand for ethanol will be largely dependent upon the economic incentives to blend based upon the relative value of gasoline and ethanol, taking into consideration the EPA's regulations on the Renewable Fuels Standard ("RFS") program and oxygenate blending requirements. A reduction or waiver of the RFS mandate or oxygenate blending requirements could adversely affect the availability and pricing of ethanol, which in turn could adversely affect our future gasoline and ethanol sales. In addition, changes in blending requirements could affect the price of RINs which could impact the magnitude of the mark-to-market liability recorded for the deficiency, if any, in our RIN position relative to our RVO at a point in time.

· New, stricter environmental laws and regulations could significantly impact our operations and/or increase our costs, which could adversely affect our results of operations and financial condition. Our operations are subject to federal, state and local laws and regulations regulating product quality specifications and other environmental matters. The trend in environmental regulation is towards more restrictions and limitations on activities that may affect the environment over time. Our business may be adversely affected by increased costs and liabilities resulting from such stricter laws and regulations. We try to anticipate future regulatory requirements that might be imposed and plan accordingly to remain in compliance with changing environmental laws and regulations and to minimize the costs of such compliance. The federal government recently proposed a federal rule proposing new design and construction requirements for railroad tank cars that are used to transport crude oil and ethanol. The establishment of more stringent design or construction requirements for railroad tank cars that are used to transport crude oil and ethanol with too short of a timeframe for compliance may lead to shortages of compliant rail cars available to transport crude oil and ethanol, which could adversely affect our business. Likewise, some environmental interest groups have recently commenced efforts to seek to use state and local laws to restrict the types of railroad tanks cars that can be used to deliver crude oil to petroleum bulk storage terminals. While these efforts have not succeeded to date, were such state and local laws to come into effect and were they to survive appeals and judicial review, they would potentially expose our operations to duplicative and possibly inconsistent regulation. There can be no assurances as to the timing and type of such changes in existing laws or the promulgation of new laws or the amount of any required expenditures associated therewith.

Results of Operations

Evaluating Our Results of Operations

Our management uses a variety of financial and operational measurements to analyze our performance. These measurements include: (1) product margin, (2) gross profit, (3) earnings before interest, taxes, depreciation and amortization ("EBITDA"), (4) distributable cash flow, (5) selling, general and administrative expenses ("SG&A"),

(6) operating expenses, (7) net income per diluted limited partner unit and (8) degree day.

Product Margin

We view product margin as an important performance measure of the core profitability of our operations. We review product margin monthly for consistency and trend analysis. We define product margin as our product sales minus product costs. Product sales primarily include sales of unbranded and branded gasoline, distillates, residual oil, renewable fuels, crude oil, natural gas and propane, as well as convenience store sales, gasoline station rental income and revenue generated from our logistics activities when it engages in the storage, transloading and shipment of products owned by others. Product costs include the cost of acquiring the refined petroleum products, renewable fuels, crude oil, natural gas and propane and all associated costs including shipping and handling costs to bring such products to the point

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of sale as well as product costs related to convenience store items and costs associated with our logistics activities. We also look at product margin on a per unit basis (product margin divided by volume). Product margin is a non-GAAP financial measure used by management and external users of our consolidated financial statements to assess our business. Product margin should not be considered an alternative to net income, operating income, cash flow from operations, or any other measure of financial performance presented in accordance with GAAP. In addition, our product margin may not be comparable to product margin or a similarly titled measure of other companies.

Gross Profit

We define gross profit as our product margin minus terminal and gasoline station related depreciation expense allocated to cost of sales.

EBITDA

EBITDA is a non-GAAP financial measure used as a supplemental financial measure by management and may be used by external users of our consolidated financial statements, such as investors, commercial banks and research analysts, to assess:

- our compliance with certain financial covenants included in our debt agreements;
- our financial performance without regard to financing methods, capital structure, income taxes or historical cost basis;
- our ability to generate cash sufficient to pay interest on our indebtedness and to make distributions to our partners;
- our operating performance and return on invested capital as compared to those of other companies in the wholesale, marketing, storing and distribution of refined petroleum products, renewable fuels, crude oil, natural gas and propane, without regard to financing methods and capital structure; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return of alternative investment opportunities.

EBITDA should not be considered as an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA excludes some, but not all, items that affect net income, and this measure may vary among other companies. Therefore, EBITDA may not be comparable to similarly titled measures of other companies.

Distributable Cash Flow

Distributable cash flow is an important non-GAAP financial measure for our limited partners since it serves as an indicator of our success in providing a cash return on their investment. Distributable cash flow means our net income plus depreciation and amortization minus maintenance capital expenditures, as well as adjustments to eliminate items approved by the audit committee of the board of directors of our general partner that are extraordinary or non-recurring in nature and that would otherwise increase distributable cash flow.

Specifically, this financial measure indicates to investors whether or not we have generated sufficient earnings on a current or historic level that can sustain or support an increase in our quarterly cash distribution. Distributable cash flow is a quantitative standard used by the investment community with respect to publicly traded partnerships. Distributable cash flow should not be considered as an alternative to net income, operating income, cash flow from operations, or any other measure of financial performance presented in accordance with GAAP. In addition, our distributable cash flow may not be comparable to distributable cash flow or similarly titled measures of other companies.

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Selling, General and Administrative Expenses

Our SG&A expenses include, among other things, marketing costs, corporate overhead, employee salaries and benefits, pension and 401(k) plan expenses, discretionary bonuses, non-interest financing costs, professional fees and information technology expenses. Employee-related expenses including employee salaries, discretionary bonuses and related payroll taxes, benefits, and pension and 401(k) plan expenses are paid by our general partner which, in turn, is reimbursed for these expenses by us.

Operating Expenses

Operating expenses are costs associated with the operation of the terminals, transload facilities and gasoline stations used in our business. Lease payments and storage expenses, maintenance and repair, utilities, taxes, labor and labor-related expenses comprise the most significant portion of our operating expenses. These expenses remain relatively stable independent of the volumes through our system but fluctuate slightly depending on the activities performed during a specific period.

Net Income Per Diluted Limited Partner Unit

We use net income per diluted limited partner unit to measure our financial performance on a per-unit basis. Net income per diluted limited partner unit is defined as net income, after deducting the amount allocated to noncontrolling interest, divided by the weighted average number of outstanding diluted common units, or limited partner units, during the period.

Degree Day

A "degree day" is an industry measurement of temperature designed to evaluate energy demand and consumption. Degree days are based on how far the average temperature departs from a human comfort level of 65°F. Each degree of temperature above 65°F is counted as one cooling degree day, and each degree of temperature below 65°F is counted as one heating degree day. Degree days are accumulated each day over the course of a year and can be compared to a monthly or a long-term (multi-year) average, or normal, to see if a month or a year was warmer or cooler than usual. Degree days are officially observed by the National Weather Service and officially archived by the National Climatic Data Center. For purposes of evaluating our results of operations, we use the normal heating degree day amount as reported by the National Weather Service at its Logan International Airport station in Boston, Massachusetts.

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Key Performance Indicators

The following table provides a summary of some of the key performance indicators that may be used to assess our results of operations. These comparisons are not necessarily indicative of future results (gallons and dollars in thousands, except per unit amounts and cents per gallon):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income (loss) attributable to Global Partners LP	$ 7,218	$ (12,719)	$ 37,633	$ 44,291
Net income (loss) per diluted limited partner unit (1)	$ 0.15	$ (0.50)	$ 1.06	$ 1.53
EBITDA (2)	$ 48,710	$ 19,136	$ 120,551	$ 105,630
Distributable cash flow (3)	$ 26,172	$ (4,164)	$ 79,882	$ 65,356
Wholesale Segment:				
Volume (gallons)	825,473	1,187,795	1,978,428	2,621,216
Sales				
Gasoline and gasoline blendstocks	$ 718,971	$ 2,153,729	$ 1,495,114	$ 4,148,285
Crude oil (4)	363,880	643,040	615,990	1,234,269
Other oils and related products (5)	401,083	588,280	1,344,776	2,001,051
Total	$ 1,483,934	$ 3,385,049	$ 3,455,880	$ 7,383,605
Product margin				
Gasoline and gasoline blendstocks	$ 17,708	$ (4,074)	$ 47,537	$ 45,589
Crude oil (4)	36,828	30,096	52,085	53,586
Other oils and related products (5)	6,405	8,527	41,412	43,143
Total	$ 60,941	$ 34,549	$ 141,034	$ 142,318
Gasoline Distribution and Station Operations Segment (6):				
Volume (gallons)	376,866	262,150	718,324	498,817
Sales				
Gasoline	$ 906,511	$ 892,202	$ 1,603,845	$ 1,661,106
Station operations (7)	98,417	43,192	181,492	77,164
Total	$ 1,004,928	$ 935,394	$ 1,785,337	$ 1,738,270
Product margin				
Gasoline	$ 53,209	$ 39,043	$ 114,908	$ 72,323
Station operations (7)(8)	45,066	23,967	81,789	43,764
Total	$ 98,275	$ 63,010	$ 196,697	$ 116,087
Commercial Segment:				
Volume (gallons)	106,996	99,764	233,378	216,029
Sales	$ 191,226	$ 249,177	$ 417,987	$ 564,673
Product margin	$ 7,023	$ 5,732	$ 18,581	$ 18,061
Combined sales and product margin:				
Sales	$ 2,680,088	$ 4,569,620	$ 5,659,204	$ 9,686,548
Product margin (9)	$ 166,239	$ 103,291	$ 356,312	$ 276,466
Depreciation allocated to cost of sales	(22,051)	(15,606)	(43,566)	(29,757)

Combined gross profit	$ 144,188	$ 87,685	$ 312,746	$ 246,709

GDSO portfolio as of June 30, 2015 and 2014:	2015	2014
Company operated	286	126
Commissioned agents	282	219
Lessee dealers	296	196
Contract dealers	673	397
Total GDSO portfolio	1,537	938

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Weather conditions:				
Normal heating degree days	784	784	3,654	3,654
Actual heating degree days	737	739	4,193	3,868
Variance from normal heating degree days	(6) %	(6) %	15 %	6 %
Variance from prior period actual heating degree days	— %	2 %	8 %	10 %

(1) See Note 3 of Notes to Consolidated Financial Statements for net (loss) income per diluted limited partner unit calculation.
(2) EBITDA is a non-GAAP financial measure which is discussed above under "—Evaluating Our Results of Operations." The table below presents reconciliations of EBITDA to the most directly comparable GAAP financial measures.
(3) Distributable cash flow is a non-GAAP financial measure which is discussed above under "—Evaluating Our Results of Operations." The table below presents reconciliations of distributable cash flow to the most directly comparable GAAP financial measures.
(4) Crude oil consists of our crude oil sales and revenue from our logistics activities.
(5) Other oils and related products primarily consist of distillates, residual oil and propane.
(6) The GDSO segment for the three and six months ended June 30, 2015 includes the results of the January 2015 acquisition of Warren and the June 2015 acquisition of Capitol (see Note 2 of Notes to Consolidated Financial Statements). As the Warren assets and the Capitol assets were not in place prior to 2015, the above results are not directly comparable to the prior periods.
(7) Station operations primarily consist of convenience stores sales at our directly operated stores and rental income from gasoline stations leased to dealers or commissioned agents.
(8) For the three and six months ended June 30, 2014, station operations includes the reclass of loss on asset sales from product margin to operating expenses to conform with our current presentation.
(9) Product margin is a non-GAAP financial measure used by management and external users of our consolidated financial statements to assess our business. The table above includes a reconciliation of product margin on a combined basis to gross profit, a directly comparable GAAP measure.

The following table presents reconciliations of EBITDA to the most directly comparable GAAP financial measures on a historical basis for each period presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Reconciliation of net income (loss) to EBITDA:				
Net income (loss)	$ 7,614	$ (12,278)	$ 38,023	$ 44,876
Net income attributable to noncontrolling interest	(396)	(441)	(390)	(585)
Net income (loss) attributable to Global Partners LP	7,218	(12,719)	37,633	44,291
Depreciation and amortization, excluding the impact of noncontrolling interest	25,760	19,530	52,259	37,602
Interest expense, excluding the impact of noncontrolling interest	16,451	12,231	30,412	23,321
Income tax (benefit) expense	(719)	94	247	416
EBITDA	$ 48,710	$ 19,136	$ 120,551	$ 105,630

Reconciliation of net cash provided by (used in) operating activities to EBITDA:				
Net cash provided by (used in) operating activities	$ 56,683	$ (3,512)	$ (57,232)	$ 49,634
Net changes in operating assets and liabilities and certain non-cash items	(22,301)	12,703	150,495	36,417
Net cash from operating activities and changes in operating assets and liabilities attributable to noncontrolling interest	(1,404)	(2,380)	(3,371)	(4,158)
Interest expense, excluding the impact of noncontrolling interest	16,451	12,231	30,412	23,321
Income tax (benefit) expense	(719)	94	247	416
EBITDA	$ 48,710	$ 19,136	$ 120,551	$ 105,630

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The following table presents reconciliations of distributable cash flow to the most directly comparable GAAP financial measures on a historical basis for each period presented (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Reconciliation of net income (loss) to distributable cash flow:				
Net income (loss)	$ 7,614	$ (12,278)	$ 38,023	$ 44,876
Net income attributable to noncontrolling interest	(396)	(441)	(390)	(585)
Net income (loss) attributable to Global Partners LP	7,218	(12,719)	37,633	44,291
Depreciation and amortization, excluding the impact of noncontrolling interest	25,760	19,530	52,259	37,602
Amortization of deferred financing fees and senior notes discount	1,700	1,389	3,338	2,777
Amortization of routine bank refinancing fees	(1,126)	(1,002)	(2,247)	(2,003)
Maintenance capital expenditures, excluding the impact of noncontrolling interest	(7,380)	(11,362)	(11,101)	(17,311)
Distributable cash flow	$ 26,172	$ (4,164)	$ 79,882	$ 65,356
Reconciliation of net cash provided by (used in) operating activities to distributable cash flow:				
Net cash provided by (used in) operating activities	$ 56,683	$ (3,512)	$ (57,232)	$ 49,634
Net changes in operating assets and liabilities and certain non-cash items	(22,301)	12,703	150,495	36,417
Net cash from operating activities and changes in operating assets and liabilities attributable to noncontrolling interest	(1,404)	(2,380)	(3,371)	(4,158)
Amortization of deferred financing fees and senior notes discount	1,700	1,389	3,338	2,777
Amortization of routine bank refinancing fees	(1,126)	(1,002)	(2,247)	(2,003)
Maintenance capital expenditures, excluding the impact of noncontrolling interest	(7,380)	(11,362)	(11,101)	(17,311)
Distributable cash flow	$ 26,172	$ (4,164)	$ 79,882	$ 65,356

Consolidated Sales

Our total sales were $2.7 billion and $4.6 billion for the three months ended June 30, 2015 and 2014, respectively, a decrease of $1.9 billion, or 41%, primarily due to a decrease in prices and, to a lesser extent, a decrease in volume sold. Our aggregate volume of product sold was 1.3 billion gallons and 1.5 billion gallons for the three months ended June 30, 2015 and 2014, respectively. The 240 million decrease in volume sold includes a decrease of 362 million gallons in our Wholesale segment, specifically in gasoline and gasoline blendstocks, primarily due to an elective change in supply logistics for a particular gasoline customer and the discontinuation of a small discrete blendstocks distribution activity. The decrease in volume sold was offset by increases of 115 million gallons in our GDSO segment, primarily as a result of the Warren acquisition, and 7 million gallons in our Commercial segment.

Our total sales were $5.7 billion and $9.7 billion for the six months ended June 30, 2015 and 2014, respectively, a decrease of $4.0 billion, or 41%, primarily due to a decrease in prices and, to a lesser extent, a decrease in volume sold. Our aggregate volume of product sold was 2.9 billion gallons and 3.3 billion gallons for the six months ended June 30, 2015 and 2014, respectively. The 406 million decrease in volume sold includes a decrease of 643 million gallons in our Wholesale segment, specifically in gasoline and gasoline blendstocks, in part due to an elective change in supply logistics for a particular gasoline customer and the discontinuation of a small discrete blendstocks distribution activity, and in crude oil. The decrease in volume sold was offset by increases of 220 million gallons in our GDSO segment, primarily as a result of the Warren acquisition, and 17 million gallons in our Commercial segment.

Gross Profit

Our gross profit was $144.2 million and $87.7 million for the three months ended June 30, 2015 and 2014, respectively, an increase of $56.5 million, or 64%, due primarily to the Warren acquisition, which significantly

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contributed to our GDSO segment, and to the negative impact in the second quarter of 2014 from a challenging futures market, mainly backwardation in the forward product pricing curve in gasoline blendstocks, primarily ethanol. Our gross profit was negatively impacted during the second quarter of 2015 by rising gasoline prices, particularly during April and May, which had a negative impact on our gasoline product margin within our GDSO segment.

Our gross profit was $312.7 million and $246.7 million for the six months ended June 30, 2015 and 2014, respectively, an increase of $66.0 million, or 27%, due primarily to the Warren acquisition, which significantly contributed to our GDSO segment, and to first quarter 2015 improved product margins in our GDSO segment from declining gasoline prices. Partially offsetting the increase in gross profit were favorable market conditions in gasoline blendstocks, primarily ethanol, during the first quarter of 2014 that were not present in the first quarter of 2015 and rising gasoline prices, particularly during April and May, which had a negative impact on our gasoline product margin within our GDSO segment.

Results for Wholesale Segment

Gasoline and Gasoline Blendstocks. Sales from wholesale gasoline and gasoline blendstocks were $0.7 billion and $2.2 billion for the three months ended June 30, 2015 and 2014, respectively. The decrease of approximately $1.4 billion, or 67%, was due to a decrease in volume sold and in gasoline prices during the second quarter of 2015. The decrease in volume sold was primarily due to an elective change in supply logistics for a particular gasoline customer and the discontinuation of a small discrete blendstocks distribution activity. Our gasoline and gasoline blendstocks product margin was $17.7 million for the three months ended June 30, 2015 compared to a negative product margin of $4.1 million for the three months ended June 30, 2014, an increase of $21.8 million primarily from the negative impact in the second quarter of 2014 due to a challenging futures market, mainly backwardation in the forward product pricing curve in gasoline blendstocks, primarily ethanol.

Sales from wholesale gasoline and gasoline blendstocks were $1.5 billion and $4.1 billion for the six months ended June 30, 2015 and 2014, respectively. The decrease of approximately $2.6 billion, or 63%, was due to a decrease in volume sold and in gasoline prices. The decrease in volume sold was due, in part, to an elective change in supply logistics for a particular gasoline customer and the discontinuation of a small discrete blendstocks distribution activity. Our gasoline and gasoline blendstocks product margin was $47.5 million and $45.6 million for the six months ended June 30, 2015 and 2014, respectively, an increase of $1.9 million, or 4%, primarily due to favorable market conditions in Wholesale gasoline in the first quarter of 2015. Partially offsetting the increase in product margin was the favorable market conditions in gasoline blendstocks, primarily ethanol, during the first quarter of 2014 that were not present in the first quarter of 2015.

Crude Oil. Crude oil sales and logistics revenues were $0.4 billion and $0.6 billion for the three months ended June 30, 2015 and 2014, respectively, a decrease of $0.2 billion, due to a decline in crude oil prices. Our crude oil product margin increased by $6.7 million, or 22%, to $36.8 million for the second quarter of 2015 from $30.1 million, due primarily to an increase in the fair value of forward contracts, partially offset by a decrease in logistics volume and tighter margins due to unfavorable market conditions. Additionally, logistics volume was lower due to the declining contractual commitments with one particular customer.

Crude oil sales and logistics revenues were $0.6 billion and $1.2 billion for the six months ended June 30, 2015 and 2014, respectively, a decrease of $0.6 billion, due to a decline in crude oil prices and to a decrease in volume sold due to, in part, unfavorable market conditions. Our crude oil product margin decreased by $1.5 million, or 3%, to $52.1 million for the first six months of 2015 from $53.6 million for the same period in 2014. The decrease was due to a second quarter 2015 decrease in logistics volume and tighter margins due to unfavorable market conditions, a first quarter 2015 decrease in volume sold due to unfavorable market conditions and a $5.0 million reserve related to a customer dispute in the first quarter of 2015. Additionally, logistics volume was lower due to the declining contractual commitments with one particular customer. The decrease was offset by an increase in the fair value of forward contracts in the second quarter of 2015.

Other Oils and Related Products. Sales from other oils and related products (primarily distillates, residual oil and propane) were $0.4 billion and $0.6 billion for the three months ended June 30, 2015 and 2014, respectively, a decrease

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of $0.2 million due to a decline in prices. Our product margin from other oils and related products was $6.4 million and $8.5 million for the three months ended June 30, 2015 and 2014, respectively, a decrease of $2.1 million, primarily due to increased competition in distillates and a weaker market in propane, offset by stronger demand for residual oil.

Sales from other oils and related products were $1.3 billion and $2.0 billion for the six months ended June 30, 2015 and 2014, respectively, a decrease of $0.7 million due to a decline in prices. Our product margin from other oils and related products was $41.4 million and $43.1 million for the six months ended June 30, 2015 and 2014, respectively, a decrease of $1.7 million, primarily due to increased competition in distillates and a weaker market in propane, offset by stronger demand for residual oil. Our product margins related to weather-sensitive products were positively impacted for the first six months of 2015 and 2014 when temperatures were 20% colder than normal during the first quarter of 2015 and 9% colder than normal during the first quarter of 2014.

Results for Gasoline Distribution and Station Operations Segment

Gasoline Distribution. Sales from gasoline distribution were flat at $0.9 billion for each of the three months ended June 30, 2015 and 2014. During the second quarter of 2015, our sales benefitted due to the Warren acquisition but were negatively impacted by lower prices during the quarter. Our product margin from gasoline distribution was $53.2 million and $39.0 million for the three months ended June 30, 2015 and 2014, respectively, an increase of $14.2 million, or 36%, primarily due to the Warren acquisition. Our product margin was negatively impacted during the second quarter of 2015 by rising gasoline prices, particularly during April and May.

Sales from gasoline distribution were $1.6 billion and $1.7 billion for the six months ended June 30, 2015 and 2014, respectively, a $0.1 billion decrease due to lower prices which more than offset the increase in volume sold due to the Warren acquisition. Our product margin from gasoline distribution was $114.9 million and $72.3 million for the six months ended June 30, 2015 and 2014, respectively, an increase of $42.6 million, or 59%, due primarily to the Warren acquisition and declining gasoline prices during the first quarter of 2015. Our product margin was negatively impacted during the first six months of 2015 by rising gasoline prices, particularly during April and May.

Station Operations. Our station operations, which include convenience stores sales at our directly operated stores, rental income from gasoline stations leased to dealers or commissioned agents and sundry such as car wash sales, lottery and ATM commissions, collectively generated revenues of $98.4 million and $43.2 million for the three months ended June 30, 2015 and 2014, respectively, an increase of $55.2 million, and $181.5 million and $77.2 million for the six months ended June 30, 2015 and 2014, respectively, an increase of $104.3 million. The increases in sales for the three and six months ended June 30, 2015 were primarily due to the Warren acquisition.

Our product margin from station operations was $45.1 million and $24.0 million for the three months ended June 30, 2015 and 2014, respectively, an increase of $21.1 million, and $81.8 million and $43.8 million for the six months ended June 30, 2015 and 2014, respectively, an increase of $38.0 million. The increases in product margin for the three and six months ended June 30, 2015 were primarily due to the Warren acquisition.

Results for Commercial Segment

Our commercial sales were flat at $0.2 billion for each of the three months ended June 30, 2015 and 2014 and $0.4 billion and $0.5 billion for the six months ended June 30, 2015 and 2014, respectively. Our commercial product margin was $7.0 million and $5.7 million for the three months ended June 30, 2015 and 2014, respectively, and $18.6 million and $18.1 million for the six months ended June 30, 2015 and 2014, respectively. In our Commercial segment, residual oil accounted for approximately 51% and 52% of our total commercial volume sold for the three months ended June 30, 2015 and 2014, respectively, and 48% and 48% our total commercial volume sold for the six months ended June 30, 2015 and 2014, respectively. Distillates, gasoline and natural gas accounted for the remainder of the total commercial sales, volume sold and product margin.

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Selling, General and Administrative Expenses

SG&A expenses were $45.4 million and $31.6 million, for the three months ended June 30, 2015 and 2014, respectively, an increase of approximately $13.8 million, or 44%, primarily due to the Warren acquisition. The increase in SG&A expenses was due to an increase in wages and benefits of $5.3 million, primarily due to an increase in headcount to support our growing business, $3.1 million of one-time acquisition costs related to Capitol, $3.0 million in accrued incentive compensation, $1.5 million in professional fees and $1.0 million of acquisition costs related to Warren.

SG&A expenses were $94.2 million and $69.0 million, for the six months ended June 30, 2015 and 2014, respectively, an increase of $25.2 million, or 37%, primarily due to the Warren acquisition. The increase in SG&A expenses was due to an increase in wages and benefits of $12.2 million due an increase in headcount to support our growing business, $5.4 million of acquisition costs related to Warren, $3.1 million of acquisition costs related to Capitol, $2.3 million in a restructuring charge associated with the Warren acquisition, $1.8 million in professional fees and $2.7 million of other SG&A expenses. The increase in SG&A expenses was offset by a decrease of $1.2 million in incentive compensation and $1.1 million in bank fees.

Operating Expenses

Operating expenses were $72.1 million and $51.0 million for the three months ended June 30, 2015 and 2014, respectively, an increase of $21.1 million, or 41%, and $140.8 million and $99.0 million for the six months ended June 30, 2015 and 2014, respectively, an increase of $41.8 million, or 42%. The increases in operating expenses were primarily due to the Warren acquisition and to increased operating expenses in our GDSO segment, primarily related to rent expense, maintenance and repairs, direct labor and property taxes.

Amortization Expense

Amortization expense related to our intangible assets was $3.1 million and $4.5 million for the three months ended June 30, 2015 and 2014, respectively, a decrease of $1.4 million, due to intangibles that became fully amortized during the second quarter of 2015, offset by an increase in amortization expense related to the intangible assets acquired in the Warren acquisition.

Amortization expense was $8.4 million and $9.0 million for the six months ended June 30, 2015 and 2014, respectively, a decrease of $0.6 million, due to the intangible assets acquired in the Warren acquisition, offset by a decrease due to intangibles that became fully amortized during the second quarter of 2015.

Interest Expense

Interest expense was $16.4 million and $12.2 million for the three months ended June 30, 2015 and 2014, respectively, an increase of $4.2 million, or 34%, and $30.4 million and $23.3 million for the six months ended June 30, 2015 and 2014, respectively, an increase of $7.1 million, or 30%. The increases were due primarily to increased interest related to our 6.25% Notes and 7.00% Notes (see Note 6 to Notes to Consolidated Financial Statements) and to additional borrowings related to the acquisitions of Warren and, to a lesser extent, Capitol. Interest expense also includes $0.8 million for the three and six months ended June 30, 2015 associated with the financing obligation recognized in connection with the acquisition of Capitol (see Note 6 of Notes to Consolidated Financial Statements).

Income Tax Benefit (Expense)

Income tax benefit (expense) of $0.7 million and ($94,000) for the three months ended June 30, 2015 and 2014, respectively, and ($0.2 million) and ($0.4 million) for the six months ended June 30, 2015 and 2014, respectively, reflect the operating results of our wholly owned subsidiary, GMG, which is a taxable entity for federal and state income tax purposes.

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Net Income Attributable to Noncontrolling Interest

In February 2013, we acquired a 60% membership interest in Basin Transload. The net income attributable to noncontrolling interest of $0.4 million for each of the three months ended June 30, 2015 and 2014, and $0.4 million and $0.6 million for the six months ended June 30, 2015 and 2014, respectively, represents the 40% noncontrolling ownership of the net income reported.

Liquidity and Capital Resources

Liquidity

Our primary liquidity needs are to fund our working capital requirements, capital expenditures and distributions and to service our indebtedness. Our primary sources of liquidity are cash generated from operations, amounts available under our working capital revolving credit facility and equity and debt offerings.

Working capital increased by $59.7 million to $313.4 million at June 30, 2015 compared to $253.7 million at December 31, 2014, due to a reduction in accounts payable of $124.2 million, which more than offset a decrease in accounts receivable of $82.2 million as we exited the heating season. In addition, due to favorable market conditions, we elected to use our storage capacity to hold more inventory, which increased by $92.2 million and contributed to the increase in our working capital revolving credit facility. The acquisition of Warren also contributed to the increase in working capital. The net increases more than offset an $118.2 million increase in the current portion of our working capital revolving credit facility, which represents the amount we expect to pay down during the course of the year (see Note 6 of Notes to Consolidated Financial Statements).

Cash Distributions

During 2015, we paid the following cash distributions to our common unitholders and our general partner:

Cash Distribution Payment Date	Total Paid	Distribution Paid for the Quarterly Period Ended
February 13, 2015	$ 22.4 million	Fourth quarter 2014
May 15, 2015	$ 23.3 million	First quarter 2015

On July 22, 2015, the board of directors of our general partner declared a quarterly cash distribution of $0.6925 per unit ($2.77 per unit on an annualized basis) for the period from April 1, 2015 through June 30, 2015 to our unitholders of record as of the close of business on August 5, 2015. We expect to pay the cash distribution of approximately $26.3 million on August 14, 2015.

Contractual Obligations

We have contractual obligations that are required to be settled in cash. The amounts of our contractual obligations at June 30, 2015 were as follows (in thousands):

	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years
Credit facility obligations (1)	$ 288,480	$ 4,537	$ 245,268	$ 38,675	$ —
Senior notes obligations (2)	1,007,063	22,219	88,875	88,875	807,094
Operating lease obligations (3)	712,558	91,690	300,709	170,267	149,892
Capital lease obligations	563	88	469	6	—
Other long-term liabilities (4)	177,190	8,930	38,004	42,376	87,880
Financing obligation (5)	151,687	4,655	19,153	20,067	107,812
Total	$ 2,337,541	$ 132,119	$ 692,478	$ 360,266	$ 1,152,678

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(1) Includes principal and interest on our working capital revolving credit facility and our revolving credit facility at June 30, 2015 and assumes a ratable payment through the expiration date. Our credit agreement has a contractual maturity of April 30, 2018 and no principal payments are required prior to that date. However, we repay amounts outstanding and reborrow funds based on our working capital requirements. Therefore, the current portion of the working capital revolving credit facility included in the accompanying balance sheets is the amount we expect to pay down during the course of the year, and the long-term portion of the working capital revolving credit facility is the amount we expect to be outstanding during the entire year.
(2) Includes principal and interest on the 6.25% Notes and the 7.00% Notes. No principal payments are required prior to maturity.
(3) Includes operating lease obligations related to leases for office space and computer equipment, land, terminals and throughputs, gasoline stations, railcars, mobile equipment, access rights, barging agreements and a lease with a related party. In January 2015, we acquired the Revere, Massachusetts terminal we previously leased with a related party, GPC (see Note 2 of Notes to Consolidated Financial Statements).
(4) Includes amounts related to our 15-year brand fee agreement entered into in 2010 with ExxonMobil, amounts related to our pipeline connection agreements with Tesoro Logistics and pension and deferred compensation obligations.
(5) Includes lease rental payments in connection with the acquisition of Capitol related to properties previously sold by Capitol within two sale-leaseback transactions that did not meet the criteria for sale accounting and will be classified as interest expense on the financing obligation and the pay-down of the financing obligation. See Note 2 of Notes to Consolidated Financial Statement for additional information.

Capital Expenditures

Our operations require investments to expand, upgrade and enhance existing operations and to meet environmental and operations regulations. We categorize our capital requirements as either maintenance capital expenditures or expansion capital expenditures. Maintenance capital expenditures represent capital expenditures to repair or replace partially or fully depreciated assets to maintain the operating capacity of, or revenues generated by, existing assets and extend their useful lives. Maintenance capital expenditures include expenditures required to maintain equipment reliability, tankage and pipeline integrity and safety and to address certain environmental regulations. We anticipate that maintenance capital expenditures will be funded with cash generated by operations. We had approximately $11.2 million and $17.3 million in maintenance capital expenditures for the six months ended June 30, 2015 and 2014, respectively, which are included in capital expenditures in the accompanying consolidated statements of cash flows. Repair and maintenance expenses associated with existing assets that are minor in nature and do not extend the useful life of existing assets are charged to operating expenses as incurred.

Expansion capital expenditures include expenditures to acquire assets to grow our business or expand our existing facilities, such as projects that increase our operating capacity or revenues by increasing, for example, rail capacity, dock capacity and tankage, diversifying product availability, raze and rebuilds, and new-to-industry gasoline stations and convenience stores and storage flexibility at various terminals and adding terminals. We have the ability to fund our expansion capital expenditures through cash from operations or our credit agreement or by issuing debt securities or additional equity. We had approximately $453.1 million and $26.9 million in expansion capital expenditures for the six months ended June 30, 2015 and 2014, respectively, which are included in capital expenditures in the accompanying consolidated statements of cash flows.

Specifically, for the six months ended June 30, 2015, expansion capital expenditures included approximately $431.1 million in property and equipment associated with the acquisitions of Warren, the Revere Terminal and Capitol. In addition, we had $22.0 million in expansion capital expenditures which consists of (i) $13.3 million in new site development, rebuilds, expansion and improvements at retail gasoline stations, (ii) $4.9 million in costs associated with our crude oil activities, including, in part, tank construction projects, rail expansion and improvement costs and equipment upgrades and (iii) $3.8 million in other expansion capital expenditures including, in part, investments in information technology and computer and equipment upgrades at various terminals.

For the six months ended June 30, 2014, expansion capital expenditures included approximately $10.0 million in new site development, rebuilds, expansion and improvements at certain retail gasoline stations, $8.7 million in costs associated with our crude oil activities, $3.8 million in costs associated with our propane storage and distribution facility in Albany, New York and $4.4 million in other expansion capital expenditures including, in part, office and computer upgrades at various terminals.

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Certain of the $4.9 million and $8.7 million for the six months ended June 30, 2015 and 2014, respectively, in costs associated with our crude oil activities include expenditures related to our Beulah, North Dakota facility, 60% of which was funded by us and 40% was funded by the noncontrolling interest at Basin Transload. These costs are reported in the accompanying consolidated statements of cash flows as we concluded that we control the entity based on an evaluation of the outstanding voting interests.

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

Cash Flow

The following table summarizes cash flow activity (in thousands):

	Six Months Ended June 30,	
	2015	2014
Net cash (used in) provided by operating activities	$ (57,232)	$ 49,634
Net cash used in investing activities	$ (593,669)	$ (40,855)
Net cash provided by (used in) financing activities	$ 656,850	$ (1,252)

Cash flow from operating activities generally reflects our net income, balance sheet changes arising from inventory purchasing patterns, the timing of collections on our accounts receivable, the seasonality of parts of our business, fluctuations in product prices, working capital requirements and general market conditions.

Net cash (used in) provided by operating activities was ($57.2 million) and $49.6 million for the six months ended June 30, 2015 and 2014, respectively, for a period-over-period increase in cash used in operating activities of $106.8 million, exclusive of acquisitions. The primary drivers of the change include the following (in thousands):

	Six Months Ended June 30,		Period over Period
	2015	2014	Change

Decrease in accounts receivable, net	$ 90,971	$ 140,340	$ (49,369)
(Increase) decrease in inventories	$ (72,788)	$ 82,285	$ (155,073)
Decrease in accounts payable	$ (145,863)	$ (267,283)	$ 121,420

During the six months ended June 30, 2015, the decreases in accounts receivable and accounts payable were primarily due to the change in activity as we continued to exit the heating season. In addition, due to favorable market conditions, we elected to use our storage to carry increased levels of inventory.

During the six months ended June 30, 2014, the decreases in accounts receivable, inventories and accounts payable primarily reflect the change in activity as we continued to exit the heating season. The decreases in accounts payable and inventories were also due to carrying lower levels of inventory, in part as a result of a shift, primarily by one customer, from crude oil supply sales to fee-based crude oil delivery logistics.

Net cash used in investing activities was $593.7 million for the six months ended June 30, 2015 and included $381.8 million, $156.3 million and $23.7 million in cash used to fund the acquisitions of Warren, Capitol and the Revere Terminal, respectively, $22.0 million in expansion capital expenditures and $11.2 million in maintenance capital expenditures, offset by $1.3 million in proceeds from the sale of property and equipment.

Net cash used in investing activities was $40.8 million for the six months ended June 30, 2014 and included $26.9 million in expansion capital expenditures and $17.3 million in maintenance capital expenditures, offset by $3.4 million in proceeds from the sale of property and equipment.

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See "—Capital Expenditures" for a discussion of our expansion capital expenditures for the six months ended June 30, 2015 and 2014.

Net cash provided by financing activities was $656.8 million for the six months ended June 30, 2015 and included $295.1 million in proceeds from the issuance of our 7.00% Notes, $168.2 million in borrowings from our working capital revolving credit facility, $134.2 million in borrowings from our revolving credit facility to fund the acquisitions of Warren, the Revere Terminal and Capitol, $109.3 million in net proceeds from our June 2015 issuance of common units and $1.9 million in capital contributions from our noncontrolling interest at Basin Transload. Net cash provided by financing activities was offset by $45.1 million in cash distributions to our common unitholders and our general partner, $3.6 million distributions to our noncontrolling interest at Basin Transload, $2.4 million in the repurchase of common units pursuant to our repurchase program for future satisfaction of our general partner's obligations and $0.7 million in net payments on our line of credit related to Basin Transload.

Net cash used in financing activities was $1.2 million for the six months ended June 30, 2014 and included $162.1 million in net payments on our revolving credit facility, $40.2 million in payments related to the exchange of our former senior notes for our existing 6.25% senior notes, $36.0 million in cash distributions to our common unitholders and our general partner, $20.0 million in net payments on our working capital revolving credit facility, $4.2 million distributions to our noncontrolling interest and $1.8 million in the repurchase of common units pursuant to our repurchase program for future satisfaction of our general partner's obligations. Net cash used in financing activities was offset by $258.9 million in proceeds from the issuance our 6.25% Notes and $4.2 million in capital contributions from our noncontrolling interest.

Credit Agreement

As of June 30, 2015, certain subsidiaries of ours, as borrowers, and we and certain of our subsidiaries, as guarantors, had a $1.775 billion senior secured credit facility. We repay amounts outstanding and reborrow funds based on our working capital requirements and, therefore, classify as a current liability the portion of the working capital revolving credit facility we expect to pay down during the course of the year. The long-term portion of the working capital revolving credit facility is the amount we expect to be outstanding during the entire year. The credit agreement will mature on April 30, 2018.

As of June 30, 2015, there were two facilities under the credit agreement:

· a working capital revolving credit facility to be used for working capital purposes and letters of credit in the principal amount equal to the lesser of our borrowing base and $1.0 billion; and

- a $775.0 million revolving credit facility to be used for acquisitions, joint ventures, capital expenditures, letters of credit and general corporate purposes.

In addition, the credit agreement has an accordion feature whereby we may request on the same terms and conditions of our then existing credit agreement, provided no Event of Default (as defined in the credit agreement) then exists, an increase to the working capital revolving credit facility, the revolving credit facility, or both, by up to another $300.0 million, in the aggregate, for a total credit facility of up to $2.075 billion. We cannot provide assurance, however, that our lending group will agree to fund any request by us for additional amounts in excess of the total available commitments of $1.775 billion.

In addition, the credit agreement includes a swing line pursuant to which Bank of America, N.A., as the swing line lender, may make swing line loans in U.S. Dollars in an aggregate amount equal to the lesser of (a) $50.0 million and (b) the Aggregate WC Commitments (as defined in the credit agreement). Swing line loans will bear interest at the Base Rate (as defined in the credit agreement). The swing line is a sub-portion of the working capital revolving credit facility and is not an addition to the total available commitments of $1.775 billion.

Availability under the working capital revolving credit facility is subject to a borrowing base which is redetermined from time to time based on specific advance rates on eligible current assets. Under the credit agreement, borrowings

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under the working capital revolving credit facility cannot exceed the then current borrowing base. Availability under the borrowing base may be affected by events beyond our control, such as changes in product prices, collection cycles, counterparty performance, advance rates and limits, and general economic conditions. These and other events could require us to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. We can provide no assurance that such waivers, amendments or alternative financing could be obtained or, if obtained, would be on terms acceptable to us.

Borrowings under the working capital revolving credit facility bear interest at (1) the Eurocurrency rate plus 2.00% to 2.50%, (2) the cost of funds rate plus 2.00% to 2.50%, or (3) the base rate plus 1.00% to 1.50%, each depending on the Utilization Amount (as defined in the credit agreement). Borrowings under the revolving credit facility bear interest at (1) the Eurocurrency rate plus 2.25% to 3.25%, (2) the cost of funds rate plus 2.25% to 3.25%, or (3) the base rate plus 1.25% to 2.25%, each depending on the Combined Total Leverage Ratio (as defined in the credit agreement).

The average interest rates for the credit agreement were 3.4% and 3.5% for the three months ended June 30, 2015 and 2014, respectively, and 3.4% and 3.6% for the six months ended June 30, 2015 and 2014, respectively.

The credit agreement provides for a letter of credit fee equal to the then applicable working capital rate or then applicable revolver rate (each such rate as defined in the credit agreement) per annum for each letter of credit issued. In addition, we incur a commitment fee on the unused portion of each facility under the credit agreement, ranging from 0.375% to 0.50% per annum.

As of June 30, 2015, we had total borrowings outstanding under the credit agreement of $536.2 million, including $268.0 million outstanding on the revolving credit facility. In addition, we had outstanding letters of credit of $59.1 million. Subject to borrowing base limitations, the total remaining availability for borrowings and letters of credit was $1.2 billion and $1.4 billion at June 30, 2015 and December 31, 2014, respectively.

Our obligations under the credit agreement are secured by substantially all of our assets and the assets of our wholly-owned subsidiaries, and the credit agreement is guaranteed by us and our subsidiaries with the exception of Basin Transload.

The credit agreement imposes financial covenants that require us to maintain certain minimum working capital amounts, a minimum combined interest coverage ratio, a maximum senior secured leverage ratio and a maximum total leverage ratio. We were in compliance with the foregoing covenants at June 30, 2015. The credit agreement also contains a representation whereby there can be no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect (as defined in the credit agreement). In addition, the credit agreement limits distributions by us to our unitholders to the amount of Available Cash (as defined in the partnership agreement).

6.25% Senior Notes

On June 19, 2014, we and GLP Finance (the "Issuers") entered into a purchase agreement (the "Purchase Agreement") with the Initial Purchasers (as defined therein) (the "Initial Purchasers") pursuant to which the Issuers agreed to sell $375.0 million aggregate principal amount of the Issuers' 6.25% senior notes due 2022 (the "6.25% Notes") to the Initial Purchasers in a private placement exempt from the registration requirements under the Securities Act of 1933, as amended (the "Securities Act"). The 6.25% Notes were resold by the Initial Purchasers to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States pursuant to Regulation S under the Securities Act.

The Purchase Agreement contained customary representations and warranties of the parties and indemnification and contribution provisions under which the Issuers and the subsidiary guarantors, on one hand, and the Initial Purchasers, on the other, agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act. In addition, the Purchase Agreement required the execution of a registration rights agreement, described below, relating to the 6.25% Notes. Closing of the offering occurred on June 24, 2014.

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Indenture

In connection with the private placement of the 6.25% Notes on June 24, 2014, the Issuers and the subsidiary guarantors and Deutsche Bank Trust Company Americas, as trustee, entered into an indenture (the "Indenture").

The 6.25% Notes mature on July 15, 2022 with interest accruing at a rate of 6.25% per annum and payable semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2015. The 6.25% Notes are guaranteed on a joint and several senior unsecured basis by each of the Issuers and the subsidiary guarantors to the extent set forth in the Indenture. Upon a continuing event of default, the trustee or the holders of at least 25% in principal amount of the 6.25% Notes may declare the 6.25% Notes immediately due and payable, except that an event of default resulting from entry into a bankruptcy, insolvency or reorganization with respect to us, any restricted subsidiary of ours that is a significant subsidiary or any group of our restricted subsidiaries that, taken together, would constitute a significant subsidiary of ours, will automatically cause the 6.25% Notes to become due and payable.

The Issuers have the option to redeem up to 35% of the 6.25% Notes prior to July 15, 2017 at a redemption price (expressed as a percentage of principal amount) of 106.25% plus accrued and unpaid interest, if any. The Issuers have the option to redeem the 6.25% Notes, in whole or in part, at any time on or after July 15, 2017, at the redemption prices of 104.688% for the twelve-month period beginning on July 15, 2017, 103.125% for the twelve-month period beginning July 15, 2018, 101.563% for the twelve-month period beginning July 15, 2019, and 100.0% beginning on July 15, 2020 and at any time thereafter, together with any accrued and unpaid interest to the date of redemption. In addition, before July 15, 2017, the Issuers may redeem all or any part of the 6.25% Notes at a redemption price equal to the sum of the principal amount thereof, plus a make whole premium at the redemption date, plus accrued and unpaid interest, if any, to the redemption date. The holders of the notes may require the Issuers to repurchase the 6.25% Notes following certain asset sales or a Change of Control (as defined in the Indenture) at the prices and on the terms specified in the Indenture.

The Indenture contains covenants that will limit our ability to, among other things, incur additional indebtedness and issue preferred securities, make certain dividends and distributions, make certain investments and other restricted payments, restrict distributions by our subsidiaries, create liens, enter into sale-leaseback transactions, sell assets or merge with other entities. Events of default under the Indenture include (i) a default in payment of principal of, or interest or premium, if any, on, the 6.25% Notes, (ii) breach of our covenants under the Indenture, (iii) certain events of bankruptcy and insolvency, (iv) any payment default or acceleration of indebtedness of ours or certain subsidiaries if the total amount of such indebtedness unpaid or accelerated exceeds $15.0 million and (v) failure to pay within 60 days uninsured final judgments exceeding $15.0 million.

Registration Rights Agreement

On June 24, 2014, the Issuers and the subsidiary guarantors entered into a registration rights agreement (the "Registration Rights Agreement") with the Initial Purchasers in connection with the Issuers' private placement of the 6.25% Notes. Under the Registration Rights Agreement, the Issuers and the subsidiary guarantors agreed to file and use commercially reasonable efforts to cause to become effective a registration statement relating to an offer to exchange the 6.25% Notes for an issue of SEC-registered notes with terms identical to the 6.25% Notes (except that the exchange notes are not subject to restrictions on transfer or to any increase in annual interest rate for failure to comply with the Registration Rights Agreement) that are registered under the Securities Act so as to permit the exchange offer to be consummated by the 360th day after June 24, 2014. The exchange offer was completed on April 21, 2015, and 100% of the 6.25% Notes have been exchanged for SEC registered notes.

7.00% Senior Notes

On June 1, 2015, the Issuers entered into a 7.00% Notes Purchase Agreement (the "7.00% Notes Purchase Agreement") with the Initial Purchasers (as defined therein) (the "7.00% Notes Initial Purchasers") pursuant to which the Issuers agreed to sell $300.0 million aggregate principal amount of the Issuers' 7.00% senior notes due 2023 (the "7.00% Notes") to the 7.00% Notes Initial Purchasers in a private placement exempt from the registration requirements under the Securities Act. The 7.00% Notes were resold by the 7.00% Notes Initial Purchasers to qualified institutional buyers

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pursuant to Rule 144A under the Securities Act and to persons outside the United States pursuant to Regulation S under the Securities Act.

The 7.00% Notes Purchase Agreement contained customary representations and warranties of the parties and indemnification and contribution provisions under which the Issuers and the subsidiary guarantors, on one hand, and the 7.00% Notes Initial Purchasers, on the other, agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act. In addition, the 7.00% Notes Purchase Agreement required the execution of a registration rights agreement, described below, relating to the 7.00% Notes. Closing of the offering occurred on June 4, 2015.

Indenture

In connection with the private placement of the 7.00% Notes on June 4, 2015 the Issuers and the subsidiary guarantors and Deutsche Bank Trust Company Americas, as trustee, entered into an indenture (the “7.00% Notes Indenture”).

The 7.00% Notes will mature on June 15, 2023 with interest accruing at a rate of 7.00% per annum and payable semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2015. The 7.00% Notes are guaranteed on a joint and several senior unsecured basis by each of the Issuers and the subsidiary guarantors to the extent set forth in the 7.00% Notes Indenture. Upon a continuing event of default, the trustee or the holders of at least 25% in principal amount of the 7.00% Notes may declare the 7.00% Notes immediately due and payable, except that an event of default resulting from entry into a bankruptcy, insolvency or reorganization with respect to us, any restricted subsidiary of ours that is a significant subsidiary or any group of our restricted subsidiaries that, taken together, would constitute a significant subsidiary of ours, will automatically cause the 7.00% Notes to become due and payable.

The Issuers will have the option to redeem up to 35% of the 7.00% Notes prior to June 15, 2018 at a redemption price (expressed as a percentage of principal amount) of 107.00% plus accrued and unpaid interest, if any. The Issuers have the option to redeem the 7.00% Notes, in whole or in part, at any time on or after June 15, 2018, at the redemption prices of 105.250% for the twelve-month period beginning June 15, 2018, 103.500% for the twelve-month period beginning June 15, 2019, 101.750% for the twelve-month period beginning June 15, 2020, and 100.0% beginning June 15, 2021 and at any time thereafter, together with any accrued and unpaid interest to the date of redemption. In addition, before June 15, 2018, the Issuers may redeem all or any part of the 7.00% Notes at a redemption price equal to the sum of the principal amount thereof, plus a make whole premium, plus accrued and unpaid interest, if any, to the redemption date. The holders of the 7.00% Notes may require the Issuers to repurchase the 7.00% Notes following certain asset sales or a Change of Control (as defined in the 7.00% Notes Indenture) at the prices and on the terms specified in the 7.00% Notes Indenture.

The 7.00% Notes Indenture contains covenants that will limit our ability to, among other things, incur additional indebtedness and issue preferred securities, make certain dividends and distributions, make certain investments and other restricted payments, restrict distributions by our subsidiaries, create liens, enter into sale-leaseback transactions, sell assets or merge with other entities. Events of default under the 7.00% Notes Indenture include (i) a default in payment of principal of, or interest or premium, if any, on, the 7.00% Notes, (ii) breach of our covenants under the 7.00% Notes Indenture, (iii) certain events of bankruptcy and insolvency, (iv) any payment default or acceleration of indebtedness of ours or certain subsidiaries if the total amount of such indebtedness unpaid or accelerated exceeds $50.0 million and (v) failure to pay within 60 days uninsured final judgments exceeding $50.0 million.

Registration Rights Agreement

On June 4, 2015, the Issuers and the subsidiary guarantors entered into a registration rights agreement (the “7.00% Notes Registration Rights Agreement”) with the 7.00% Notes Initial Purchasers in connection with the Issuers’ private placement of the 7.00% Notes. Under the 7.00% Notes Registration Rights Agreement, the Issuers and the subsidiary guarantors have agreed to file and use commercially reasonable efforts to cause to become effective a registration statement relating to an offer to exchange the 7.00% Notes for an issue of SEC-registered notes with terms identical to the 7.00% Notes (except that the exchange notes will not be subject to restrictions on transfer or to any increase in annual

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interest rate for failure to comply with the 7.00% Notes Registration Rights Agreement) that are registered under the Securities Act so as to permit the exchange offer to be consummated by the 420th day after June 4, 2015. Under specified circumstances, the Issuers and the subsidiary guarantors have also agreed to use commercially reasonable efforts to cause to become effective a shelf registration statement relating to resales of the 7.00% Notes. If the exchange offer is not completed on or before the 420th day after June 4, 2015, the annual interest rate borne by the 7.00% Notes will be increased by 1.0% per annum until the exchange offer is completed or the shelf registration statement is declared effective (or automatically becomes effective).

Line of Credit

On December 9, 2013, Basin Transload entered into a line of credit facility which allows for borrowings by Basin Transload of up to $10.0 million on a revolving basis. The facility matures on December 9, 2015 and had an outstanding balance of $0 and $0.7 million at June 30, 2015 and December 31, 2014, respectively. The facility is secured by substantially all of the assets of Basin Transload and is not guaranteed by us or any of our wholly owned subsidiaries.

Financing Obligation

In connection with the Capitol acquisition on June 1, 2015, we assumed a financing obligation of $89.6 million associated with two sale-leaseback transactions by Capitol for 53 leased sites that did not meet the criteria for sale accounting. During the term of these leases, which expire in May 2028 and September 2029, in lieu of recognizing lease expense for the lease rental payments, we will incur interest expense associated with the financing obligation. Interest expense of approximately $0.8 million was recorded for the three and six months ended June 30, 2015 and included in interest expense in the accompanying statements of operations. The financing obligation will amortize through expiration of the lease based upon the lease rental payments. The $89.6 million recorded is based on preliminary purchase accounting. This amount may change as purchase accounting for the Capitol acquisition is finalized.

Deferred Financing Fees

We incur bank fees related to our credit agreement and other financing arrangements. These deferred financing fees are amortized over the life of the credit agreement or other financing arrangements. We capitalized additional financing fees of $0.9 million for each of the three and six months ended June 30, 2015 associated with the issuance of the 7.00% Notes. Amortization expense of approximately $1.4 million and $1.3 million for the three months ended June 30, 2015 and 2014, respectively, and $2.9 million and $2.6 million for the six months ended June 30, 2015 and 2014, respectively, are included in interest expense in the accompanying consolidated statements of operations. Unamortized fees are included in other current assets and other long-term assets.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates under different assumptions or conditions.

These estimates are based on our knowledge and understanding of current conditions and actions that we may take in the future. Changes in these estimates will occur as a result of the passage of time and the occurrence of future events. Subsequent changes in these estimates may have a significant impact on our financial condition and results of operations and are recorded in the period in which they become known. We have identified the following estimates that, in our opinion, are subjective in nature, require the exercise of judgment, and involve complex analysis: inventory, leases, revenue recognition, derivative financial instruments, valuation of intangibles and other long-lived assets, goodwill, environmental and other liabilities and related party transactions.

The significant accounting policies and estimates that we have adopted and followed in the preparation of our consolidated financial statements are detailed in Note 2 of Notes to Consolidated Financial Statements, "Summary of Significant Accounting Policies" included in our Annual Report on Form 10-K for the year ended December 31, 2014. There have been no subsequent changes in these policies and estimates that had a significant impact on our financial condition and results of operations for the periods covered in this report.

Recent Accounting Pronouncements

A description and related impact expected from the adoption of certain new accounting pronouncements is provided in Note 18 of Notes to Consolidated Financial Statements included elsewhere in this report.

Item 3.Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. The principal market risks to which we are exposed are interest rate risk and commodity risk. We currently utilize interest rate swaps and an interest rate cap to manage exposure to interest rate risk and various derivative instruments to manage exposure to commodity risk.

Interest Rate Risk

We utilize variable rate debt and are exposed to market risk due to the floating interest rates on our credit agreement. Therefore, from time to time, we utilize interest rate collars, swaps and caps to hedge interest obligations on specific and anticipated debt issuances.

As of June 30, 2015, we had total borrowings outstanding under our credit agreement of $536.2 million. Please read Item 2, "Management's Discussion and Analysis—Liquidity and Capital Resources——Credit Agreement" for information on interest rates related to our borrowings. The impact of a 1% increase in the interest rate on this amount of debt would have resulted in an increase in interest expense, and a corresponding decrease in our results of operations, of approximately $5.4 million annually, assuming, however, that our indebtedness remained constant throughout the year.

In October 2009, we executed an interest rate swap with a major financial institution. The swap, which became effective on May 16, 2011 and expires on May 16, 2016, is used to hedge the variability in interest payments due to changes in the one-month LIBOR swap curve with respect to $100.0 million of one-month LIBOR-based borrowings on the credit facility at a fixed rate of 3.93%.

In April 2011, we executed an interest rate cap with a major financial institution. The rate cap, which became effective on April 13, 2011 and expires on April 13, 2016, is used to hedge the variability in interest payments due to changes in the one-month LIBOR rate above 5.5% with respect to $100.0 million of one-month LIBOR-based borrowings on the credit facility.

In September 2013, we executed a forward interest rate swap with a major financial institution. The swap, which became effective on October 2, 2013 and expires on October 2, 2018, is used to hedge the variability in cash flows in monthly interest payments due to changes in the one-month LIBOR swap curve with respect to $100.0 million of one-month LIBOR-based borrowings on the credit facility at a fixed rate of 1.819%.

In the aggregate, these hedging instruments historically have hedged the variability in interest payments due to changes in the one-month LIBOR swap curve or rate with respect to $300.0 million of one-month LIBOR-based borrowings on the credit facility.

In June 2014 and as a result of the issuance of our $375.0 million aggregate principal amount of the 6.25% Notes (see Note 6 of Notes to Consolidated Financial Statements), we determined that maintaining an excess of $300.0 million

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in principal of outstanding floating-rate debt was no longer probable. Therefore, we elected to de-designate our interest rate cap and discontinued the related hedge accounting for this instrument. Accordingly, at June 30, 2015, we had in place two interest rate swap agreements which are hedging $200.0 million of variable rate debt, both of which continue to be accounted for as cash flow hedges. The interest rate cap is not currently in a hedging relationship. Accordingly, all changes in the fair value of this instrument are recorded in earnings.

See Note 5 of Notes to Consolidated Financial Statements for additional information on our derivative instruments.

Commodity Risk

We hedge our exposure to price fluctuations with respect to refined petroleum products, renewable fuels, crude oil and gasoline blendstocks in storage and expected purchases and sales of these commodities. The derivative instruments utilized consist primarily of exchange-traded futures contracts traded on the NYMEX, CME and ICE and over-the-counter transactions, including swap agreements entered into with established financial institutions and other credit-approved energy companies. Our policy is generally to purchase only products for which we have a market and to structure our sales contracts so that price fluctuations do not materially affect our profit. While our policies are designed to minimize market risk, as well as inherent basis risk, exposure to fluctuations in market conditions remains. Except for the controlled trading program discussed below, we do not acquire and hold futures contracts or other derivative products for the purpose of speculating on price changes that might expose us to indeterminable losses.

While we seek to maintain a position that is substantially balanced within our commodity product purchase and sales activities, we may experience net unbalanced positions for short periods of time as a result of variances in daily purchases and sales and transportation and delivery schedules as well as other logistical issues inherent in the business, such as weather conditions. In connection with managing these positions, we are aided by maintaining a constant presence in the marketplace. We also engage in a controlled trading program for up to an aggregate of 250,000 barrels of commodity products at any one point in time. Changes in the fair value of these derivative instruments are recognized in the consolidated statement of operations through cost of sales. In addition, because a portion of our crude oil business may be conducted in Canadian dollars, we may use foreign currency derivatives to minimize the risks of unfavorable exchange rates. These instruments may include foreign currency exchange contracts and forwards. In conjunction with entering into the commodity derivative, we may enter into a foreign currency derivative to hedge the resulting foreign currency risk. These foreign currency derivatives are generally short-term in nature and not designated for hedge accounting.

We utilize exchange-traded futures contracts and other derivative instruments to minimize or hedge the impact of commodity price changes on our inventories and forward fixed price commitments. Any hedge ineffectiveness is reflected in our results of operations. We utilize regulated exchanges, including the NYMEX, CME and ICE, which are regulated exchanges for the commodities that each trades, thereby reducing potential delivery and supply risks. Generally, our practice is to close all exchange positions rather than to make or receive physical deliveries. With respect to other energy products such as ethanol, which may not have a correlated exchange contract, we enter into derivative agreements with counterparties that we believe have a strong credit profile, in order to hedge market fluctuations and/or lock-in margins relative to our commitments.

At June 30, 2015, the fair value of all of our commodity risk derivative instruments and the change in fair value that would be expected from a 10% price increase or decrease are shown in the table below (in thousands):

		Gain (Loss)	
	Fair Value at June 30, 2015	Effect of 10% Price Increase	Effect of 10% Price Decrease
Exchange traded derivative contracts	$ 34,549	$ (36,107)	$ 36,107
Forward derivative contracts	1,087	(11,404)	11,404
	$ 35,636	$ (47,511)	$ 47,511

The fair values of the futures contracts are based on quoted market prices obtained from the NYMEX and the CME. The fair value of the swaps and option contracts are estimated based on quoted prices from various sources such as

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independent reporting services, industry publications and brokers. These quotes are compared to the contract price of the swap, which approximates the gain or loss that would have been realized if the contracts had been closed out at June 30, 2015. For positions where independent quotations are not available, an estimate is provided, or the prevailing market price at which the positions could be liquidated is used. All hedge positions offset physical exposures to the physical market; none of these offsetting physical exposures are included in the above table. Price-risk sensitivities were calculated by assuming an across-the-board 10% increase or decrease in price regardless of term or historical relationships between the contractual price of the instruments and the underlying commodity price. In the event of an actual 10% change in prompt month prices, the fair value of our derivative portfolio would typically change less than that shown in the table due to lower volatility in out-month prices. We have a daily margin requirement to maintain a cash deposit with our brokers based on the prior day's market results on open futures contracts. The balance of this deposit will fluctuate based on our open market positions and the commodity exchange's requirements. The brokerage margin balance was $18.9 million at June 30, 2015.

We are exposed to credit loss in the event of nonperformance by counterparties to our exchange-traded derivative contracts, physical forward contracts, and swap agreements. We anticipate some nonperformance by some of these counterparties which, in the aggregate, we do not believe at this time will have a material adverse effect on our financial condition, results of operations or cash available for distribution to our unitholders. Exchange-traded derivative contracts, the primary derivative instrument utilized by us, are traded on regulated exchanges, greatly reducing potential credit risks. We utilize primarily three clearing brokers, all major financial institutions, for all NYMEX and CME derivative transactions and the right of offset exists with these financial institutions. Accordingly, the fair value of our exchange-traded derivative instruments is presented on a net basis in the consolidated balance sheet. Exposure on physical forward contracts and swap agreements is limited to the amount of the recorded fair value as of the balance sheet dates.

Item 4.Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that the information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of our principal executive officer and principal financial officer, management evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act). Based on this evaluation and the existence of a material weakness in our internal control over financial reporting (discussed below), and with insufficient time to fully evaluate and test, under sampling standards, the quarterly controls to address the material weakness, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of June 30, 2015.

Based on our internal review, steps to remediate the material weakness in our internal control over financial reporting (discussed below) and additional procedures pursued by management to ensure the reliability of our financial reporting, we believe that the consolidated financial statements in this Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows as of the dates, and for the periods, presented in conformity with GAAP.

Internal Control Over Financial Reporting

For the year ended December 31, 2014, management concluded that material weaknesses existed in our internal control over reporting (as defined in Rule 13a-15(f) under the Exchange Act).

Specifically, at December 31, 2014, management's review of the valuation of forward commodity purchase and sales contracts was not sufficiently precise; however, the lack of precision during the performance of the control resulting in this material weakness did not have an impact on the December 31, 2014 financial statements. We are

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putting in place timely controls and developing systems and designing controls to improve the process of the valuation protocol which will enhance the quality of management's review of these valuations, and once they have been in operation for a sufficient period of time, these actions will be fully tested to determine whether they are operating effectively. Due to having insufficient time to fully evaluate and test, under sampling standards, the quarterly controls, management has determined that we did not maintain effective internal control over financial reporting as of June 30, 2015.

Except as described above, there has not been any change in our internal control over financial reporting that occurred during the quarter ended June 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1.Legal Proceedings

General

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 a party to any litigation that will have a material adverse impact on our financial condition or results of operations. Except as described below and in Note 12 in this Quarterly Report on Form 10-Q, we are not aware of any significant legal or governmental proceedings against us, or contemplated to be brought against us. We maintain insurance policies with insurers in amounts and with coverage and deductibles as our general partner believes are reasonable and prudent. However, we can provide no assurance that this insurance will be adequate to protect us from all material expenses related to potential future claims or that these levels of insurance will be available in the future at economically acceptable prices.

Other

On May 29, 2015 and in connection with a commercial dispute with Tethys Trading Company LLC (“Tethys”), we received a notice from Tethys alleging a default under, and purporting to terminate, our contract with Tethys for crude oil services at our Oregon facility. However, we do not believe Tethys had the right to terminate the contract, and we will take appropriate action to enforce our rights under the agreement. We had expected to receive fees from this contract of approximately $13.2 million for the period July 1, 2015 through December 31, 2015 and approximately $105.2 million in the aggregate for the remaining four years of the contract.

On March 26, 2015, we received a Notice of Non-Compliance (“NON”) from the Massachusetts Department of Environmental Protection (“DEP”) with respect to our terminal located at 101 and 186 Lee Burbank Highway, Revere, Massachusetts (the “Terminal”), alleging certain violations of the National Pollutant Discharge Elimination System Permit (“NPDES Permit”) related to storm water discharges. The NON requires us to submit a plan to remedy the reported violations of the NPDES Permit. We have responded to the NON with a plan and are implementing modifications to the storm water management system at the Terminal. We have determined that compliance with the NON and implementation of the plan will have no material impact on our operations.

We have a dispute with Lansing Ethanol Services, LLC (“Lansing”) for damages in excess of $12.0 million. The dispute involves Lansing’s failure to transfer Renewable Fuel Identification Numbers to us in connection with certain agreements for the purchase and sale of ethanol. The parties have agreed to arbitrate under the rules of the American

Arbitration Association. We filed for arbitration on March 24, 2015 and anticipate arbitration to commence during the first quarter ending March 31, 2016. We believe we have meritorious positions and intend to vigorously pursue a favorable result in connection with this dispute.

On July 2, 2014, a lawsuit was filed by the Northwest Environmental Defense Center and other environmental non-government organizations (the “Plaintiffs”) against us and Cascade Kelly alleging violations of the Clean Air Act (“CAA”). The suit, filed in the United States District Court for the district of Oregon, alleges that Cascade Kelly is operating without the proper permit under the applicable rules. The lawsuit seeks penalties, injunctive relief and reimbursement of attorneys’ fees. Trial has been scheduled for the fourth quarter of 2015. We have meritorious defenses to the lawsuit and are vigorously contesting the actions taken by the Plaintiffs.

On May 16, 2014, we received a subpoena from the SEC requesting information for relevant time periods primarily relating to our accounting for Renewable Identification Numbers and the restatement of our consolidated financial statements as of and for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013. We intend to continue to cooperate fully with, and have produced responsive materials to, the SEC.

We received from the Environmental Protection Agency (the “EPA”), by letters dated November 2, 2011 and March 29, 2012, containing requirements and testing orders (collectively, the “Requests for Information”) for information under the CAA. The Requests for Information were part of an EPA investigation to determine whether we

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have violated sections of the CAA at certain of our terminal locations in New England with respect to residual oil and asphalt. On June 6, 2014, a Notice of Violation (the "NOV") was received from the EPA, alleging certain violations of its Air Emissions License issued by the Maine Department of Environmental Protection, based upon the test results at the South Portland, Maine terminal. We met with and provided additional information to the EPA with respect to the alleged violations. On April 7, 2015, the EPA issued a Supplemental Notice of Violation (the "Supplemental NOV") modifying the allegations of violations of the terminal's Air Emissions License. We have responded to the Supplemental NOV and engaged in further negotiations with the EPA. While we do not believe that a material violation has occurred, and we contest the allegations presented in the NOV and Supplemental NOV, we do not believe any adverse determination in connection with the NOV would have a material impact on our operations.

Item 1A.Risk Factors

In addition to other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014, which could materially affect our business, financial condition or future results.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and 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, the Obama administration's budget proposal for fiscal year 2016 recommends that certain publicly traded partnerships earning income from activities related to fossil fuels be taxed as corporations beginning in 2021. From time to time, members of Congress propose and consider such substantive changes to the existing federal income tax laws that affect publicly traded partnerships. If successful, the Obama administration's proposal or other similar proposals could eliminate the qualifying income exception to the treatment of all publicly traded partnerships as corporations, upon which we rely for our treatment as a partnership for U.S. federal income tax purposes.

In addition, the IRS, on May 5, 2015, issued proposed regulations concerning which activities give rise to qualifying income within the meaning of Section 7704 of the Internal Revenue Code. We do not believe the proposed regulations affect our ability to qualify as a publicly traded partnership. However, finalized regulations could modify the amount of our gross income that we are able to treat as qualifying income for the purposes of the qualifying income requirement.

Any modification to the U.S. 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 U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

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 income tax purposes, the minimum quarterly distribution and the target distribution amounts may be adjusted to reflect the impact of that law on us.

Item 6.Exhibits

2.1** — Stock Purchase Agreement, dated as of October 3, 2014, by and among Warren Equities, Inc., as the Company, The Warren Alpert Foundation, as the Seller, and Global Montello Group Corp., as Buyer, and Solely with Respect to Section 10.20 and the Other Provisions in Article 10 Related Thereto, Global Partners LP, as Buyer Guarantor (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on October 9, 2014).

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2.2	— First Amendment to Stock Purchase Agreement dated as of December 12, 2014 by and among Warren Equities, Inc., as the Company, The Warren Alpert Foundation, as the Seller, and Global Montello Group Corp., as Buyer, and Global Partners LP, as Buyer Guarantor (incorporated herein by reference to Exhibit 2.2 to the Current Report on Form 8-K filed on January 13, 2015).
2.3	— Second Amendment to Stock Purchase Agreement dated as of January 7, 2015 by and among Warren Equities, Inc., as the Company, The Warren Alpert Foundation, as the Seller, and Global Montello Group Corp., as Buyer, and Global Partners LP, as Buyer Guarantor (incorporated herein by reference to Exhibit 2.3 to the Current Report on Form 8-K filed on January 13, 2015).
2.4**	— Agreement of Purchase and Sale dated as of January 14, 2015 between Global Revco Dock, L.L.C, Global Revco Terminal, L.L.C., Global South Terminal, L.L.C., Global Petroleum Corp. and Global Companies LLC (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on January 21, 2015).
2.5**	— Sale And Purchase Agreement, dated as of April 9, 2015, by and among Liberty Petroleum Realty, LLC, East River Petroleum Realty, LLC, Big Apple Petroleum Realty, LLC, White Oak Petroleum, LLC, Anacostia Realty, LLC, Mount Vernon Petroleum Realty, LLC and DAG Realty, LLC, as Seller and Global Partners LP, as Buyer (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on April 15, 2015).
3.1	— Third Amended and Restated Agreement of Limited Partnership of Global Partners LP dated as of December 9, 2009 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on December 15, 2009).
4.1	— Indenture, dated as of June 24, 2014, among the Issuers, the Guarantors, and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on June 25, 2014).
4.2	— Indenture, dated as of June 4, 2015, among the Issuers, the Guarantors, and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on June 4, 2015).
4.3	— Registration Rights Agreement, dated June 4, 2015, among the Issuers, the Guarantors and the Initial Purchasers (incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on June 4, 2015).
10.1	— Third Amendment to Second Amended and Restated Credit Agreement dated April 27, 2015 (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 30, 2015).
10.2	— Form of Restricted Unit Award Grant Letter.
10.3	— Form of Cash Award Grant Letter.
10.4	— Form of Canadian Grant Agreement
31.1*	— Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of Global GP LLC, general partner of Global Partners LP.

31.2*	—	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of Global GP LLC, general partner of Global Partners LP.
32.1†	—	Section 1350 Certification of Chief Executive Officer of Global GP LLC, general partner of Global Partners LP.
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101.INS*	— XBRL Instance Document.
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101.CAL*	— XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	— XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	— XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	— XBRL Taxonomy Extension Definition Linkbase Document.

*Filed herewith.

^Management contract or compensatory plan or arrangement.

**Schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Partnership undertakes to furnish supplementally copies of any of the omitted schedules and exhibits upon request by the U.S. Securities and Exchange Commission.

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

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SIGNATURES

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

GLOBAL PARTNERS LP
By: Global GP LLC,
its general partner

Dated: August 7, 2015	By: /s/ Eric Slifka Eric Slifka President and Chief Executive Officer (Principal Executive Officer)
Dated: August 7, 2015	By: /s/ Daphne H. Foster Daphne H. Foster Chief Financial Officer (Principal Financial Officer)

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INDEX TO EXHIBITS

Exhibit Number	Description
2.1**	— Stock Purchase Agreement, dated as of October 3, 2014, by and among Warren Equities, Inc., as the Company, The Warren Alpert Foundation, as the Seller, and Global Montello Group Corp., as Buyer, and Solely with Respect to Section 10.20 and the Other Provisions in Article 10 Related Thereto, Global Partners LP, as Buyer Guarantor (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on October 9, 2014).
2.2	— First Amendment to Stock Purchase Agreement dated as of December 12, 2014 by and among Warren Equities, Inc., as the Company, The Warren Alpert Foundation, as the Seller, and Global Montello Group Corp., as Buyer, and Global Partners LP, as Buyer Guarantor (incorporated herein by reference to Exhibit 2.2 to the Current Report on Form 8-K filed on January 13, 2015).
2.3	— Second Amendment to Stock Purchase Agreement dated as of January 7, 2015 by and among Warren Equities, Inc., as the Company, The Warren Alpert Foundation, as the Seller, and Global Montello Group Corp., as Buyer, and Global Partners LP, as Buyer Guarantor (incorporated herein by reference to Exhibit 2.3 to the Current Report on Form 8-K filed on January 13, 2015).
2.4**	— Agreement of Purchase and Sale dated as of January 14, 2015 between Global Revco Dock, L.L.C, Global Revco Terminal, L.L.C., Global South Terminal, L.L.C., Global Petroleum Corp. and Global Companies LLC (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on January 21, 2015).
2.5**	— Sale And Purchase Agreement, dated as of April 9, 2015, by and among Liberty Petroleum Realty, LLC, East River Petroleum Realty, LLC, Big Apple Petroleum Realty, LLC, White Oak Petroleum, LLC, Anacostia Realty, LLC, Mount Vernon Petroleum Realty, LLC and DAG Realty, LLC, as Seller and Global Partners LP, as Buyer (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on April 15, 2015).
3.1	— Third Amended and Restated Agreement of Limited Partnership of Global Partners LP dated as of December 9, 2009 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on December 15, 2009).
4.1	— Indenture, dated as of June 24, 2014, among the Issuers, the Guarantors, and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on June 25, 2014).
4.2	— Indenture, dated as of June 4, 2015, among the Issuers, the Guarantors, and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on June 4, 2015).
10.1	— Third Amendment to Second Amended and Restated Credit Agreement dated April 27, 2015 (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 30,

2015).

10.2*^ — Form of Restricted Unit Award Grant Letter.

10.3*^ — Form of Cash Award Grant Letter.

10.4*^ — Form of Canadian Grant Agreement

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